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") hereby submits the Board of Directors' report for a period of nine months, ending September 30, 2019 (hereinafter: "the Reported Period", or, "the Report Period", 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, 2019.

"Report signing date" or "the date of signing the report" refers to November 12, 2019.

"The reported quarter" refers to the third quarter of 2019.

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 2018; including the financial statements, and the Company's board of directors' report, as of December 31, 2018, published on March 15, 2019 (reference number: 2019-01-021453) (Periodic Report 2018).

Preamble

Below are the Company's principal results for the nine months ending September 30, 2019.

1. **Profitability** – In the third quarter of 2019, the Company's net income attributed to the Company's shareholders amounted to approximately EUR 0.4 million, compared to income of EUR 11.8 million in the corresponding quarter of last year.

   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 2019, the FFO amounted to EUR 7.8 million. The contribution of the income producing residential activity amounted to EUR 6 million and the contribution of the income producing commercial activity amounted to EUR 1.8 million in the reported quarter[1].
   - **Residential development activity** - In the third quarter of 2019, the contribution of the Grafental project amounted to a profit of EUR 6.4 million (consolidated. In the reported period, the Company recognized the cumulative sale of 89 residential units in Stage E of the project, according to a weighted performance rate of 67.8%, compared to a cumulative sale of all 89 residential units of the stage at a weighted performance rate of 49.2% as of September 30, 2019 and in cumulative sale of 83 residential units in Stage G of the project at a weighted performance rate of 65.4%.

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[1] For details on the Company's contractual agreements to sell part of the Company's commercial real estate assets and the Company's strategy in this regard, see sections 4 and 8 below. The sale of the Company's commercial income producing real estate assets is expected to reduce the Company's rental income in the operating segment, along with further improvement of its cash position and the Company's leverage ratio, as set forth in Section 4 below.

2. **Operating segments – key operational data**[2]

2.1 Residential development segment – Grafental project[3]

Stage	Number of flats	Expected revenues (EUR in millions)	Expected income (EUR in millions)	Developer's profit [4] (in percentage)	Sales (in percentage)	Revenue recognition % as of the report date
E	89	49.6	12.0	32%	100%	60%
G	89	53.7	11.2	26%	91%	38%
H	96	58.0	10.0	21%	33%	0%
Total	**274**	**161.3**	**33.2**	**26%**	**73%**	**34%**

2.2 Income-producing real estate[5]

Zoning	Area ('000 square meters)	NRI Return[6]	ERV Return[7]	Actual NOI return[8]	NOI return according to ERV[9]	Occupancy rate
Residential	704	5.3%	6.2%	4.4%	5.3%	95%
Commercial	*216	6.8%	6.9%	5.5%	5.6%	96%
Total	**920**	**5.6%**	**6.4%**	**4.6%**	**5.4%**	**95%**

* Excluding an asset in associate with an area of 7,000 sqm.

The following is the contribution of income-producing real estate segment on the Company's results:

In the third quarter of 2019, the organic rent growth amounted to 1.9% compared to the corresponding quarter of 2018. As of the date of signing the reports the average rent is 6.37 EUR per Sqm. The ERV in new rentals in the residential market is 17% higher than the average rent.

3 **Balance sheet structure and financial solvency -**

3.1 **Equity and NAV**: The equity attributed to the Company's shareholders amounted to approximately EUR 693.7 million and the NAV[10] amounted to EUR 806.0 million, as of the report date.

[2] As of the report date.
[3] Data according to 100%, the effective corporation's share in the project, is 84.98%.
[4] Represented by the difference between the revenue from sale of flats, minus the total development cost of flats, including land cost.
[5] Assets consolidated in the Company's financial statements, including assets for which binding sale agreements were signed; see immediate report dated June 30, 2019 (Reference number 055230-01-2019).
[6] Data from November 2019 on an annual basis, divided by the carrying value.
[7] 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.
[8] Data from November 2019 on an annual basis, divided by the carrying value.
[9] Actual NOI plus the difference between actual rental fees and the ERV, divided by the carrying values.
[10] EPRA NAV – for details regarding the index and the calculation manner see section 7.3 of part A below.

3.2 **Debt ratios**: The LTV ratio[11] is 48.41% as of the report date. The EBITDA ratio to interest expenses (from only the income producing portfolio, excluding operating income from development activity) was 3.46% in the third quarter of 2019.

3.3 **Liquidity**: Cash balances (consolidated) amounted to approximately EUR 30.7 million as of the report date.

3.4 **Financing**: The Company has bank loans with a total balance of EUR 657.7 million, at an average annual interest of 1.72% and duration of 4.1 years. The Company has bonds at a total balance of EUR 105.2 million at an average annual interest of 3.51% and duration of 3.56 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 material events in the reported period.

4 Concise description of the Corporation and its business environment

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 2018, the Company continues to examine the possibility of refocusing the Company's strategy, including the possibility of selling a certain share of the Company's assets and business, as per the Company's immediate reports dated March 23, 2019, June 2, 2019 and June 30, 2019 (Ref. 023952-01-2019, 054682-01-2019 and 055230-01-2019, respectively) and the Company's report dated September 23, 2019 (Ref. 098212-01-2019) in connection with the Company's agreement for selling part of its commercial and development assets and the completion thereof. As of the report date, the Company is continuing to examine the possibilities of refocusing its business strategy in the income producing and development real estate segment, including selling additional assets from the Company's commercial real estate portfolio.

As of the report publication date, the Company is continuing to examine the potential uses of proceeds from selling additional assets of its commercial real estate portfolio, including furthering the improvement of the Company's cash position, leverage ratio, and other potential investments in the income-producing real estate segment and the residential development segment in Germany, all subject to resolutions of the Company's Board as will be made on occasion. For additional details see section 8 below.

Details 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:

[11] Net debt to total real estate assets.

4.1 **Residential income-producing real-estate** - As of the report signing date, the Group owns 11,956 apartments with a total leasing area of approximately 704,000 m^2.

4.2 **Commercial income-producing real-estate** - As of the report signing date, the Group owns 23 commercial income-producing properties in the commercial segment (commercial and offices) with an overall leasing area of approximately 216,000 m^2, including assets for which the company has entered into a binding sale contract dated June 30, 2019, as specified in section 8 above (excluding an asset in a partnership with an area of 7,000 square meters). The annual rental is EUR 19 million and the duration of rentals with anchor tenants is 5.5 years.

For details regarding the income-producing real estate, see Chapter A of the Company's periodic report for 2018.

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), and stage G (89 units) in the Grafental project in Dusseldorf, as well as the Company's additional projects, see Chapter A of the periodic report for 2018.

For further details regarding the marketing and performance status of the project's stages under construction, see the tables below.

Project marketing										
		STAGE E					**STAGE G**			
			2019					**2019**		
Data according to 100% The effective corporation's share in the project – 84.98%	**As of the report signing date**	**Q3**	**Q2**	**Q1**	**2018**	**As of the report signing date**	**Q3**	**Q2**	**Q1**	**2018**
Flats (#)	89	89	89	89	86	85	83	66	51	27
Flats – total monetary consideration (including for parking, EUR in thousands)	49,563	49,563	49,563	49,563	47,961	50,369	48,696	38,559	28,553	14,301
Flats (square meters)	9,999	9,999	9,999	9,999	9,688	8,958	8,666	6,865	5,089	2,536
Average price per sqm (EUR) (including consideration for parking)	4,957	4,957	4,957	4,957	4,951	5,623	5,620	5,616	5,607	5,639
Reservations (reservations) *as of the report signing date										
Flats (#)	Marketing concluded	0				0				
Flats – total monetary consideration (including for parking, EUR in thousands)	Marketing concluded	0				0				
Flats (square meters)	Marketing concluded	0				0				

Average price per sqm (EUR)	Marketing concluded	0				0				
Signed agreements and cumulative reservations up to the report signing date:										
Flats (#)	89					85				
Flats – total monetary consideration (including for parking, EUR in thousands)	49,563					50,369				
Flats (square meters)	9,999					8,958				
Average price per sqm (EUR)	4,957					5,623				
Marketing rate of the project %										
	As of the report signing date	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	As of the report signing date	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Marketing rate on the last date of the period -signed agreements	100%	100%	100%	100%	96.8%	93.8%	90.7%	71.8%	53.1%	21.2%
Marketing rate on the last date of the period -signed agreements and reservations	100%					93.8%				
Advances from customers										
	As of the report signing date	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	As of the report signing date	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Advances from tenants (EUR in thousands)	38,879	35,814	27,619	14,142	11,657	20,921	18,089	0	0	0
Rate of Advances from tenants (%)	57.5%	53.0%	40.8%	20.9%	17.8%	30.9%	26.8%	0.0%		

Spaces for which agreements and reservations were not yet signed, as of the report signing date									
Flats (#)	0					4			
Flats – total expected monetary consideration (including parking, EUR in thousands)	0					3,321			
Flats (square meters)	0					576			
Average price per sqm (EUR)	0					5,769			
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)	0					1,963			

Project marketing		
Stage H		
	2019	
	As of the report signing date	**Q3**
Flats (#)	35	33
Flats – total monetary consideration (including for parking, EUR in thousands)	20,607	19,071
Flats (square meters)	3,555	3,297
Average price per sqm (EUR) (including consideration for parking)	5,797	5,784
Reservations (reservations) *as of the report signing date		
Flats (#)	0	
Flats – total monetary consideration (including for parking, EUR in thousands)	0	
Flats (square meters)	0	
Average price per sqm (EUR)	0	
Signed agreements and cumulative reservations up to the report signing date:		
Flats (#)	35	
Flats – total monetary consideration (including for parking, EUR in thousands)	20,607	
Flats (square meters)	3,555	
Average price per sqm (EUR)	5,797	
Marketing rate of the project %		
	As of the report signing date	**Q3**
Marketing rate on the last date of the period -signed agreements	35.5%	32.9%
Marketing rate on the last date of the period -signed agreements and reservations	35.5%	32.9%
Advances from customers		
	As of the report signing date	**Q3**
Advances from tenants (EUR in thousands)	0	0
Rate of Advances from tenants (%)	0	0
Spaces for which agreements and reservations were not yet signed, as of the report signing date		
Flats (#)	61	
Flats – total expected monetary consideration (including parking, EUR in thousands)	37,422	
Flats (square meters)	6,238	
Average price per sqm (EUR)	5,999	
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)	11,960	

4.3.1 Projected revenues, costs and developer's profits for the stages in progress and stages under the approved urban planning scheme, performance of which has not yet commenced in the Grafental residential project (EUR in thousands):

	Stage E	Stage F	Stage G	Stage H
Total expected revenues	49,564	28,925	53,689	58,029
Advances from apartment purchasers, as of the report date	35,814	0	18,089	0
Total expected cost, including land (EUR in thousands)	37,560	25,445	42,457	48,063
Completion rate (engineering/monetary), excluding land (%)	67.8%	83.3%	65.4%	13%
Total expected developer's profit[12]	12,004	3,480	11,232	9,965
Total developer's profit recognized in the Company's financial statements (consolidated) cumulatively, as of the report date	7,071	-	4,241	-
Rate of expected developer's profit (%)	32%	13.7%	26.5%	20.7%
Expected completion date	Q1 2020	Q2 2020	Q2 2020	Second half of 2021

[12] Represents the expected value of the stage, designated for rental, as an income-producing asset after its completion.

		Stage E				Stage F			
		Q3 2019	Q2 2019	Q1 2019	2018	Q3 2019	Q2 2019	Q1 2019	2018
Costs invested	Cumulative costs for land, at the end of the period	9,648	9,648	9,649	9,649	3,500	3,500	3,500	3,500
	Cumulative costs for development, taxes and fees	2,887	2,810	2,255	1,827	2,212	2,206	1,744	1,610
	Cumulative construction costs	16,045	10,910	7,994	5,454	16,065	13,185	9,153	5,664
	Cumulative financing costs (capitalized)	0	0	0	0	0	0	0	0
	Total cumulative cost	**28,580**	**23,368**	**19,898**	**16,930**	**21,777**	**18,891**	**14,397**	**10,774**
	Total cumulative cost in the books	**28,580**	**23,368**	**19,898**	**16,930**	**21,777**	**18,891**	**14,397**	**10,774**

		Stage G				Stage H	
		Q3 2019	Q2 2019	Q1 2019	2018	Q3 2019	2018
Costs invested	Cumulative costs for land, at the end of the period	11,500[13]	10,500	10,500	10,500	14,119	**14,119**
	Cumulative costs for development, taxes and fees	1,770	1,488	1,381	1,249	1,202	-
	Cumulative construction costs	18,463	13,525	7,586	3,963	3,225	-
	Cumulative financing costs (capitalized)	0	0	0	0	0	-
	Total cumulative cost	**31,733**	**25,513**	**19,467**	**15,712**	**18,546**	**14,119**
	Total cumulative cost in the books	**31,733**	**25,513**	**19,467**	**15,712**	**18,546**	**14,119**

[13] The increase in the land cost in the third quarter of 2019 derives from allocation of the land cost between stages of the project that have not yet been placed for performance to this stage.

		Stage E				Stage F			
		Q3 2019	Q2 2019	Q1 2019	2018	Q3 2019	Q2 2019	Q1 2019	2018
Costs not yet invested	Costs for land not yet invested (estimate)	9,648	0	0	0	3,500	0	0	0
	Costs for development, taxes and fees not yet invested (estimate)	2,887	920	1,475	1,904	2,212	1,252	1,714	1,848
	Construction costs not yet invested (estimate)	16,045	13,271	16,188	18,726	16,065	5,303	9,334	12,824
	Cumulative costs for financing expected to be capitalized in the future (estimate)	0	0	0	0	0	0	0	0
	Costs not yet invested (estimate)	**28,580**	**14,191**	**17,663**	**20,630**	**21,777**	**6,555**	**11,048**	**14,672**

		Stage G				Stage H	
		Q3 2019	Q2 2019	Q1 2019	2018	Q3 2019	2018
Costs not yet invested	Costs for land not yet invested (estimate)	0	0	0	0	0	0
	Costs for development, taxes and fees not yet invested (estimate)	1,675	1,958	2,065	2,076	2,212	2,993
	Construction costs not yet invested (estimate)	9,049	13,986	19,925	23,548	27,305	30,951
	Cumulative costs for financing expected to be capitalized in the future (estimate)	0	0	0	0	0	0
	Costs not yet invested (estimate)	**10,724**	**15,944**	**21,990**	**25,624**	**29,517**	**33,994**

In accordance with accounting principles, the Company recognizes revenues, costs and gross profit deriving from the stages in progress upon performance completion and the handover of the apartments to the tenants.

It should be stressed that the expected developer's profitability in respect to Stage F is the expected profitability assuming that the asset (subsidized rental apartments and affordable housing under controlled rental) will be sold as an income producing property upon the completion of construction, and therefore cannot be compared to the developer's profitability in stages in which Condo apartments are being built for free sale in the market.

4.3.2 The following is a tabular summary of expected revenue, cash flow and developer's profit, not yet recognized in the Company's financial statements, from stages in progress and from stages under the approved urban scheme, in the Grafental project:

From sold apartments (EUR in thousands)

Data according to 100%. The corporation's effective portion in the project – 84.98%	Revenue not yet recognized	Cash flow not yet recognized	Developer's profit not yet recognized
Stages in progress (stages E, G and H)	61,752	24,814	14,051

From apartments not yet sold (EUR in thousands)

Data according to 100%. The corporation's effective portion in the project – 84.98%	Revenue not yet recognized	Cash flow not yet recognized	Developer's profit not yet recognized
Stage in progress G and H	43,951	16,816	7,838

4.4 **Land in Dusseldorf for development** - The Company owns 3 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 changes in Dusseldorf, and for additional details, see Chapter A of the periodic report for 2018.

4.4.1 The following is a tabular summary of expected revenue, cash flow and developer's profit expected from the land in Dusseldorf [14], real estate inventory in Dusseldorf, and inventory of buildings under construction without the asset in a joint venture in Aachen without a parcel of land in the Gerresheim neighbourhood:

Data according to 100%. The corporation's effective portion in Grafental project 84.98% (EUR in thousands)	Revenue not yet recognized	Cash flow not yet recognized	Developer's profit not yet recognized
Apartments for rental, under rent control, in planning stages under urban schemes of Grafental Mitte/Ost	132,271	21,123	3,981
Condo apartments for free sale in planning stages under the urban schemes of Grafental Mitte/Ost and Grafenberg	337,699	126,590	58,026
Total	**469,970**	**147,713**	**62,008**

The information described above in connection with (1) stages E and G in progress and(2) the land in Dusseldorf, inventory of buildings under construction under the urban schemes of Grafental Mitte/Grafental Ost Grafenberg and the change of their 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, not fully under the Company's control, and the actual materialization of such change of zoning, either 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.

[14] It should be noted that a decision has not yet been made regarding the use of the land under the change of zoning from offices to residence in Grafenberg, including the development of the land complex. The decision to develop the aforementioned land complex is subject to consummating the relevant approval procedures of an urban scheme, the market conditions that shall prevail upon completion of said scheme, the ability to obtain financing for developing the project, the availability of equity resources required to realize said development plans, meeting financial ratios, and more. The data shown in the table were calculated on the assumption that the Company will elect to develop the parcel of land, and the land complex in Grafenberg, and that the rates of the developer's profit and cash flow in future stages in Grafental shall be similar to the rates of the Grafental project that is in progress as of the report date representing the best indication held by the Company for the purpose of this forecast and the profitability rates and cash flows in Grafenberg were based in accordance with the assumptions underlying the valuation of the asset.

It is uncertain whether the change of zoning will take place and/or be consummated, 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 – a decrease in demand for flats in Dusseldorf and/or a decrease in market prices of flats in Dusseldorf, or increase in construction (or other) costs and/or the creation of special conditions) 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.

It should be stressed that the expected developer's profitability in respect of rent-controlled apartments is the expected profitability assuming that the asset (subsidized rental apartments and affordable housing under rent control) will be sold as an income producing asset upon completion of construction, ranging between 14% - 16%, and is not comparable to the developer's profitability in stages in which the Condo apartments are being built for free sale in the market.

5. Financial Position:

Assets	September 30, 2019	September 30, 2018	December 31, 2018	Explanation for the change
	EUR in thousands			
Current assets				
Cash and cash equivalents	30,709	32,738	27,138	See details in the statement of cash flow as part of the Company's financial statements, attached to this report.
Balances receivable from banks	434	408	414	
Restricted deposits, financial assets, and other receivables	21,330	21,767	21,249	
Income receivable from the sale of apartments	6,026	5,508	4,474	
Tenants and trade receivables, net	210	3,443	1,523	
Inventory of buildings under construction	30,595	41,250	25,496	
Total current assets	**89,304**	**105,114**	**80,294**	
Assets of disposal group held for sale	**274,687**	-	-	The increase in the reported period stems from the Company's agreements to sell assets. For additional details, see sections 8.2, 8.3 and 8.4 below.
Non-current assets:				
Investments and loans measured at equity	9,686	6,229	7,698	
Investments in financial assets, measured at fair value through profit or loss	37,668	39,941	37,019	
Inventory of real estate	73,844	202,316	216,061	As to the agreement for selling part of the inventory see section 8.6 below.
Investment property – real estate rights	64,712	67,086	64,683	
Investment property – income-producing assets	1,123,960	1,339,177	1,410,282	The decrease in the reported period derives mainly from the sale and classification of investment property for

				which the Company entered into a sale agreement as assets held for sale.
Restricted deposits for investments in assets	5,967	6,951	5,381	
Other accounts receivable, fixed assets and other financial assets	2,560	375	426	
Deferred taxes		868	1,231	
Total non-current assets	**1,318,461**	**1,622,943**	**1,742,781**	
Total assets	**1,682,452**	**1,768,057**	**1,823,075**	

Liabilities	**September 30, 2019**	**September 30, 2018**	**December 31, 2018**	**Explanation for the change**
	EUR in thousands			
Current liabilities:				
Current maturities of loans from banking corporations	91,111	95,983	101,485	
Current maturities of debentures	19,370	17,331	17,066	
Loans for financing inventory of buildings under construction	4,885	2,600	2,098	
Accounts payable and other financial liabilities	16,304	26,967	30,066	
Advances from apartment purchasers	4,148	3,598	841	
Total current liabilities	**135,818**	**146,479**	**151,556**	
Liabilities of disposal group held for sale	168,901	-	-	
Non-current liabilities:				
Loans from banks and others	401,808	676,823	659,614	The decrease in the reported period derives mainly from the repayment of loans that financed, or were related to, assets that were sold, and from reclassification of loans that financed assets for which the Company entered into a sale agreement, as liabilities held for sale. For additional details, see sections 8.2, 8.3 and 8.4 below.

Loans from the controlling shareholder	44,473	-	-	Loan received from the controlling shareholder. For further details, see section 8.4 below.
Debentures	85,796	94,176	90,349	The decrease in the reported period derives from principal payment.
Leasing liabilities	3,041	3,095	3,041	
Other financial liabilities	672	732	384	
Deferred taxes	106,254	106,929	117,671	
Total noncurrent liabilities	**642,044**	**881,755**	**871,059**	
Total liabilities	**946,763**	**1,028,234**	**1,022,615**	
Equity				
Equity attributable to equity holders of the company	693,656	639,858	694,644	
Non-controlling interests	42,033	99,965	105,816	The decrease in the reported period derives from purchasing the rights of investors. For details see section 8.1 below.
Total equity	**735,689**	**739,823**	**800,460**	
Total liabilities and equity	**1,682,452**	**1,768,057**	**1,823,075**	

6. Activity Results:

	Nine months ending September 30		Three months ending September 30		Year ending December 31,	Explanation for the change
	2019	2018	2019	2018	2018	
	EUR in thousands					
Revenues from rental of properties	56,440	59,267	17,315	19,837	79,168	Sale of assets
Revenues from property management and others	19,786	20,258	6,523	6,815	26,980	
Property management expenses	(19,857)	(19,960)	(6,599)	(6,599)	(27,870)	
Cost of maintenance of rental properties	(8,917)	(8,396)	(2,847)	(2,829)	(12,717)	
Rental and management revenues, net	**47,452**	**51,169**	**14,392**	**17,224**	**65,561**	
Revenues from sale of apartments	45,471	41,615	32,461	12,202	62,753	
Cost of sale of apartments	(38,242)	(31,830)	(26,108)	(9,339)	(47,771)	
Income from the sale of apartments	**7,229**	**9,785**	**6,353**	**2,863**	**14,982**	
General and administrative expenses	(11,665)	(9,759)	(4,059)	(2,918)	(12,520)	
General and administrative expenses attributed to inventory of apartments under construction and inventory of real estate	(1,580)	(1,844)	(564)	(597)	(2,329)	
selling and marketing expenses	(336)	(250)	(121)	(24)	(365)	
Increase (decrease) in the value of investment property, net	2,611	34,500	(1,309)	1,200	95,499	
Operating profit	**43,711**	**83,601**	**14,692**	**17,748**	**160,828**	
Financing expenses excluding the effect of exchange rate differences, CPI, and hedging transactions, net	(14,474)	(14,831)	(4,910)	(5,003)	(19,646)	
Effect of exchange rate differences, CPI, and currency hedging transactions, net	(9,820)	3,561	(3,820)	(626)	6,509	
Change in fair value of financial instruments, loans and other (including early repayment costs of loans)	(14,477)	4,632	(3,431)	5,235	1,580	Mostly due to the cost of breaking loans that were repaid concurrently with the sale of assets.
Equity in earnings (losses) of companies accounted at equity	-	(2,205)	-	-	(723)	
Income before taxes on income	**4,940**	**74,758**	**2,531**	**17,354**	**148,548**	
Taxes on income	(5,061)	(17,479)	(1,197)	(4,214)	(29,505)	

Reported net income (loss)	**(121)**	**57,279**	**1,334**	**13,140**	**119,043**	
Net income attributed to:						
Company shareholders	(60)	46,133	440	11,788	100,919	
Non-controlling interests	(61)	11,146	894	1,352	18,124	

7. Financing sources, liquidity and Cash flows:

	Nine months ending September 30		**Three months ending September 30**		**Year ending December 31,**	**Explanation for the change**
	2019	**2018**	**2019**	**2018**	**2018**	
	EUR in thousands					
Cash flows provided by operating activities (Cash flows used in operating activities)	21,188	(86,066)	6,802	14,315	(68,059)	In 2018, real estate purchase costs were included.
Cash flows provided by investing activities (Cash flows used in investing activities)	48,307	(53,127)	9,764	(47,674)	(56,394)	See cash flow statement.
Cash flows provided by financing activities (Cash flows used in financing activities)	(65,924)	58,802	(84,715)	(22,718)	38,462	See cash flow statement

7.1 Access to financing sources: 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. In addition, the Company has the right to withdraw a loan extended to the Company by the Company's controlling shareholder, ADLER Real Estate ("ADLER"). For further details, see section X below, as well as the immediate report of the Company dated May 11, 2019 and July 14, 2019 (Reference: 040008-01-2019 and 060426-01-2019, respectively) which are hereby included by way of reference (the "**Qualifying Credit Facility**"). As of the report date and the report publication date, the Company has withdrawn EUR 44.2 million from the qualifying credit facility, so the unutilized credit facility balance as of the report publication date is EUR 55.8 million.

For further details regarding the Group's financing sources, see Note 11 to the Group's consolidated financial statements for 2018.

For details regarding the transaction for sale of part of its income-producing real estate assets, completed on June 2, 2019 making a positive impact on the Company's cash balances, see the Company's immediate reports dated March 23, 2019 and June 2, 2019 (Ref 023952-01-2019 and 054682-01-2019, respectively) which are attached by way of reference **(Asset Sale Transaction A),** and section 8.2 below.

For details regarding the transactions entered into by the Company in order to sell an additional part of its income-producing assets and, as per the Company's estimate, if and when completed it is expected to have a positive impact on the Company's cash balances, see the Company's immediate report dated June 30, 2019 (Reference # 2019- 01- "**Asset Sale Transaction B**"), and September 23, 2019 (Reference # 098212-01-2019) and Section 8.3 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 and the Company's high debt rating.

For additional details regarding the Company's loan refinancing, see section 8.5 below.

For additional details regarding the Company's compliance with financial covenants and liabilities, see Appendix A of Chapter B in the periodic report for 2018.

7.2 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 financial statements as reviewed by the Company's management 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 third working capital does not indicate a liquidity problem and as of the date of this report, no warning signs are present.

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) refinancing options under favorable terms, sale of assets (including as part of the Company's actions to sell a certain portion of the Company's assets and business within the refocusing of the Company's strategy in accordance with section 4 above, and sections 8.3 and 8.4 below), collateral release and more. In addition, and as specified in Section 19 of Chapter A of the Company's annual report, the Company holds shares of a publicly-traded company incorporated in Germany whose shares are traded on the Regulated Unofficial Frankfurt Stock Exchange, which is one of the leaders in German residential real estate development market, the value of which on the report date is EUR 31 million, which the Company estimates that such shares can be sold or otherwise utilized as required by the Company.

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 as described in Section 4, and the Company's commitments in asset sale agreements as described in Sections 8.3 and 8.4 below, the existence of warning signs do not indicate a liquidity problem in the corporation.

The Company's estimates are forward-looking information, as defined in this Securities Law, based on the Company's estimates. The factors that may have an effect that such estimates may not be materialized, in whole or in part, or materialize differently than anticipated, are numerous and include, among others, changes in the relevant markets, absence of agreements with third parties whose consent is required to extend the maturity date of a loan or for the purpose of additional alternatives in connection with the required deposit or manner of financing and the materialization of any of the risk factors stated in this report.

7.3 FFO (Funds from Operations):

Calculating FFO: 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 1.9 of Chapter A in the periodic report for 2018), 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 for 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, 2019	**Three months ending September 30, 2018**	**Year ending December 31, 2018**
Net profit attributed to the Company's shareholders	440	11,788	100,919
Adjustments for net profit			
A. Adjustments for revaluations			
Decrease (Increase) in the value of investment property and adjustments of liability value relating to investment property	1,088	(1,439)	(81,055)
Revaluation of loans and interest swap transactions at fair value	3,422	(5,084)	(1,438)
b. Adjustments for non-cash items			
Revaluation of loans, indexing, and non-cash exchange rate differences and hedging transactions	4,229	1,236	(4,640)
Interest component in hedging transactions	207	294	1,055
Deferred tax expenses and taxes for prior years	863	3,428	23,895
B. Unique items / new activities / ceased activities / other			
Professional services, one-off expenses, and others	1,755	336	5,119
Adjustments related to associates and non-controlling interests	-	-	1,292
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	1,180	1,081	4,651
Adjustments for sale of apartments	(5,399)	(2,432)	(12,731)
Total of adjustments to net profit	7,345	(2,580)	(63,852)
F.F.O	**7,785**	**9,208**	**37,067**

As aforementioned, the FFO in the three-month period ending September 30, 2019 amounted to approximately EUR 7.8 million, which, after factoring the events that took place in Q3 2019, represents an annualized FFO of EUR 31.2 million. The estimates above, set forth by the Company in regards to the FFO's representative annual level, include 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; the state of the commercial real estate market and the residential real estate market in Germany.

7.4 EPRA NAV Index – Net Asset Value (EUR in millions):

The EPRA NAV 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. The EPRA NAV reflects the net asset value of the Company, assuming that the assets are held for the long term and therefore certain adjustments are required, such as neutralizing deferred taxes deriving from revaluation of investment property, and neutralizing the fair value of derivative financial instruments. Furthermore, the adjustments made by the Company under this index include the addition of profits that were not yet recognized in the statements in regards to apartments under construction not yet sold in the Grafental project (stages E and G).

The Company believes that this index more accurately reflects the net asset value of the Company and its publication will allow a comparison with other real estate companies in Israel and Europe.

The Company clarifies that the EPRA NAV index 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 EPRA NAV index and the adjusted EPRA NAV index of the Company:

	September 30, 2019	**September 30, 2018**	**December 31, 2018**
Equity attributed to the Company's shareholders	693.7	639.9	694.6
Plus deferred taxes for EPRA adjustments (net of non-controlling interest)	103.9	96.6	104.9
Net of the fair value of derivative financial instruments, net (net of non-controlling interest)	0.1	0.1	0.2
Plus profits that were not yet recognized in regards to apartments that were sold and are under construction in stages E and G of the residential project	8.3	6.8	7.1
EPRA NAV –Net Asset Value	**806.0**	**743.4**	**806.8**

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

8.1 Completion of the purchase of assets from the JV partners: As detailed in the Company's immediate report, dated January 29, 2019 (Reference No. 010509-01-2019), which is included herein by way of reference ("ROFO Report"), on January 28, 2019, the Company's Board of Directors authorized the Company to submit proposals to the JV Partners (as defined in the ROFO report) for the acquisition of the JV partners' share in the relevant JV agreements (as defined in the ROFO report), in accordance with the Company's right of first offer.

In order to carry out the transaction and improve its structure, the Company entered into an agreement with ADLER's subsidiary in that ADLER' subsidiary would purchase 10.1% of the rights in the relevant asset companies. Accordingly, on July 1, 2019, the Company completed the purchase of said rights, for EUR 64.7 million. For further details, see the Company's Immediate Reports of May 11, 2019, and July 1, 2019 (Reference No. 040008-01-2019 and 056562-01-2019, respectively), which are brought herein by way of reference.

8.2 Completion of the transaction for selling part of the Company's commercial real estate assets (Asset Sale Transaction A as defined above): On May 31, the Company completed Asset Sale Transaction A. For further details regarding said transaction and completion, see the Company's immediate reports of March 23, 2019 and June 2, 2019 (Reference No. 023952-01-2019 and 054682-01-2019, respectively), which are brought herein by way of reference. As a result of the aforementioned contract, the Company recognized a loss of EUR 2.3 million as a result of the difference between the proceeds of the sale, less the transaction costs, and the value of assets and liabilities presented in the Company's reports; the transaction costs amounted to EUR 6.4 million. This loss was recognized in the Company's financial statements as part of changes in the fair value of investment property, net. In addition, the Company recognized a loss of approximately EUR 7.2 million as part of the changes in the fair value of loans, as a result of the cost of breaking bank loans repaid upon completion of the transaction. For further details regarding such loans, see Section 4 of the Company's immediate report dated March 23, 2019 referred to in this section. The Company's investment balance in these assets amounting to EUR 6.5 million (10.1% of the Company's capital) is presented under Investment in a non-marketable financial asset, measured at fair value.

8.3 Entering into a transaction for selling an additional part of the Company's commercial real estate assets (Asset Sale Transaction B as defined above): On June 28, 2019, the Company entered into a transaction to sell additional assets from the Company's commercial income-producing real estate portfolio. For further details regarding this transaction, see the Company's immediate report of June 30, 2019 (Reference No. 055230-01-2019), which is brought herein by way of reference. As a result of the aforementioned contract, the Company recognized a loss of EUR 9 million as result of the difference between the proceeds of the sale and the value of assets and liabilities presented in the Company's reports, and an additional loss of EUR 4 million due to costs that the Company is expected to bear, mainly due to estimated transaction costs and estimated costs of repairs agreed with the property buyer; this loss was recognized in the Company's financial statements as part of changes in the fair value of investment property, net, and as part of the tax benefit item (income taxes).

8.4 Entering into transaction for selling a parcel of land in Gerresheim - On September 22, 2019, the Company entered into an agreement with a third-party buyer and real estate investor focusing on real estate projects in Germany for selling 75% of its holdings in Glasmacherviertel GmbH & Co KG, a wholly owned subsidiary of the Company, which owns the Gerresheim development project, for a consideration reflecting a property value of € 375 million. The completion of the transaction is expected upon completion of customary conditions. In addition, as of the report publication date, the parties discuss the option of adjusting the consideration payment dates as acceptable in transactions in the sector of real estate development. For further details regarding the transaction, see the Company's immediate report dated September 23, 2019 (Reference # 098212-01-2019) which is hereby included by way of reference.

8.5 Refinancing: During January 2019, the Company entered into a refinancing transaction, through sub - subsidiaries, with a German bank, for 16 non-recourse loans for a total amount of EUR 205 million taken from the same German banking corporation that entered into force in April 2019 under the following conditions:

	New conditions	**Previous conditions**
Loan amount	EUR 205 million	Final repayment date
Final repayment date	9.84 years	3.78 weighted average
Weighted interest rate per year	1.73% - 1.88% where all loans are at fixed interest	1.29% - weighted, according to the previous conditions a loan of EUR 157 million bore fixed interest and a loan of EUR 48 million bore variable interest
Current principal rate per year	2.5%	2% - 2.5%

The loans are not subject to financial covenants and the remaining asset balance used as collateral for these loans amounted to EUR 498.8 million.

Receiving a loan from the controlling shareholder: On May 9, 2019, the Company's audit committee and Board of Directors approved the obtainment of a credit facility of up to EUR 100 million from ADLER, the controlling shareholder of the Company. For further details regarding said loan and its conditions, see the Company's immediate report dated May 11, 2019 (Ref. 040008-01-2019) which is included herein by way of reference. For further details regarding the transaction approval manner, see the Company's immediate report of July 14, 2019 (Reference No. 060426-01-2019), which is hereby included by way of reference.

8.6 Bond Repayment: For further details regarding the repayment of the bonds' principal (Series A and Series C), see the Company's immediate reports of July 15, 2019 and July 19, 2019 (reference no. 060687-01-2019 and 062643-01-2019, respectively).

8.7 Interim agreement with a performing contractor: Further to Note 17a(5) of the Company's financial statements, during June 2019 the Company reached an interim agreement with the performing contractor, under which the Company made a provision for an additional EUR 1.6 million (paid in early July 2019,recorded in cost of sales in the reported period). In addition, there are contractor monetary demands amounting to EUR 3 million, against which the Company has counter-claims, as stated in the above note.

Part B – Specific Disclosure for Bond Holders

9. 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 A)	**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	Yes
Date of issue	March 1, 2011	May 21, 2013	July 22, 2014
Date of expanding series	June 19, 2012; November 6, 2012	February 4, 2014	April 4, 2016
Par value on the date of issue (thousands NIS)	200,000	175,000	102,165
Par value on the date of expanding series (thousands NIS)	240,000; 400,000	240,000	160,180
Par value as at 30.9.2019 (thousands NIS)	57,280	190,000	147,104
Linked par value as at 30.9.2019 (thousands NIS)	60,794	193,771	147,975
Sum of cumulative interest plus linkage differentials (thousands NIS) as at 30.9.2019	619	1,594	955
Value in financial statements as at 30.9.2019 including interest payable (thousands NIS)	61,086	194,194	148,047

Value at the stock exchange as at 30.9.2019 (thousands NIS)	63,449	215,061	171,670
Type and rate of interest	4.8% (annual, linked, fixed rate), subject to adjustments in case of changes in the rating of the bonds (Series A) and/or non-compliance with the financial covenants as specified in Sections 2.7.12.8 and 2.7.12.9 of the shelf prospectus dated May 24, 2012 as amended on May 9, 2013 and as amended on July 14, 2014 (the shelf prospectus)	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	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 7 annual instalments on July 14 of each year 2014 to 2020 (inclusive,) as such that each of the first six instalments will constitute 14.28% of the principal of the total par value of the bonds (Series A), and the last instalment will constitute 14.32% of the total par value of bonds (Series A).	Payable in 12 unequal annual instalments on December 31 of each year 2013 to 2024 (inclusive), as such 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.	Payable in 12 unequal annual instalments on July 20 of each year 2015 to 2026 (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 July 14 and January 14 of each year 2011 to 2020 (inclusive).	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, 2011 in respect of January 2011.	Linked (principal and interest) to the consumers' price index published on May 15, 2013 in respect of April 2013.	Linked (principal and interest) to the consumers' price index published on July 15, 2014 in respect of June 2014.
Are they convertible?	No	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 A), as it chooses, until the date of the final repayment of the bonds (Series A), according to the decisions of the Company's Board of Directors. For further details, please see Section 2.7.3 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 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	No

10. Rating:

On March 25, 2019, Maalot S & P announced the ratification of the rating (ilAA- / stable), (reference no: 024789- 01- 2019 and 02612-15-2019)

11. 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[15], 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) 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 and July 3, 2017) between the Company and Reznik Paz Nevo Trust Ltd, the trustee for the bond holders (Series C), the trustee and the deeds of trust, respectively, 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%[16]:

The Company's equity, which is attributed to the majority shareholders at the Report Period, (namely, as of September 30, 2019), is EUR 693.7 million.

The financial debt, net, according to solo reports of the Company, as of the same date, is EUR 141.4 thousand.

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, 2019), is approximately 490%.

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 A):

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

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

The number of charged shares of Brack Capital German Properties B.V., a subsidiary (100%) of the Company (hereinafter: "**BGP**") as of September 30, 2019: 943,804 shares.

The total issued share capital of BGP as of June 30, 2019 and as of the signing date of the report: 1,978,261.

[15] As for the issue of the existence of grounds for calling for immediate repayment of the bonds (Series A, B, and C) due to a 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 5 below.

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

The rate of charged shares out of the issued capital share of BGP as of September 30, 2019: 47.7%.

BGP's equity attributed to its shareholders, as appears in the Company's financial statements as of September 30, 2019: EUR 800,525 thousand.

The EUR/NIS representative exchange rate known, published by the Bank of Israel, on the signing date of the report: NIS 3.8681.

The value of the charged shares: NIS 1,477,307 thousand.

Net debt: NIS 61,412 thousand.

Accordingly, the ratio between the charged shares' value to net debt, as of the end of the Report Period, is approximately 2,406%, therefore the Company meets this ratio as well.

With respect to the bond holders (Series B):

"**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 B), plus accumulated linkage differentials and interest that are not yet paid.

The number of charged shares of BGP as of September 30, 2019: 640,027.

The total issued share capital of BGP as of September 30, 2019 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, 2019: 32.4%.

BGP's equity, attributed to its shareholders, as appears in the Company's financial statements as of September 30, 2019: EUR 800,525 thousand.

The EUR/NIS representative exchange rate known, published by the Bank of Israel, as of the signing date of the report: NIS 3.8681.

The value of the charged shares: NIS 1,001,814 thousand.

Net debt: NIS 195,365 thousand.

Accordingly, the ratio between the charged shares' value to net debt, as of the end of the Report Period, is approximately 513%, 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, 2019: 394,430.

The total issued share capital of BGP as of September 30, 2019 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, 2019: 19.9%.

BGP's equity, attributed to its shareholders, as appears in the Company's financial statements as of September 30, 2019: EUR 800,525 thousand.

The EUR/NIS representative exchange rate known, published by the Bank of Israel, as of the signing date of the report: NIS 3.8681

The value of the charged shares: NIS 617,389 thousand.

Net debt: NIS 151,832 thousand.

Accordingly, the ratio between the charged shares' value to net debt, as at the end of the Report Period, is approximately 407%, 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 A deed of trust - the equity attributed to the majority shareholders shall not fall below EUR 80 million; and pursuant to Series’ B and C deeds of trust – the equity 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 693.7 million.

b. **Restrictions on dividend distribution:** Under the Series A deed 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 80 million, pursuant to the Series A deed of trust. As of the report date, the equity attributed to the majority shareholders is EUR 693.7 million.

   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 693.7 million and the debt ratio to CAP is 47.29% (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 90% pursuant to the Series A deed of trust and shall not exceed 75% pursuant to 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	105,166
Financial liabilities of the subsidiaries	44,473
Other liabilities according to solo reports	587,088
Net of cash, cash equivalents and deposits	31,818
Net of debt in respect of inventory of apartments under construction	4,885
Net financial debt – consolidated	700,024
CAP[17]	
Equity including non-controlling interests	735,689
Net financial debt, consolidated	700,024
Deferred loans of the Company	44,473
CAP	1,480,186

Therefore, **this ratio is 47.29%**, whereas according to the deeds of trust such a ratio should be lower than 90% for Series A and lower than 75% for Series' B and C.

[17] 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.

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

The following are details regarding the charges for securing the Company's undertakings pursuant to the terms of the Company's bonds (Series A, Series B and Series C), which are in force pursuant to any law and the Company's incorporation instruments, as of the date of issuing the report, see chapter A of the periodic report for 2018.

13. 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 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, 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, 2019, 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, 2019 (EUR in thousands)	The Company Consolidated	Assets/liabilities In the pledged investee company	Assets/liabilities In unpledged companies
Total assets	1,682,452	1,638,913	43,539
Current assets and held for sale	363,991	315,626	12,365 *
ncurrent assets	1,318,461	1,287,287	31,174
Total liabilities	946,763	796,355	150,408
Current liabilities and held for sale	304,719	284,580	20,139 **
ncurrent liabilities	642,044	511,775	130,269 ***
Non- controlling interests	42,033	42,033	-
Total equity	693,656	800,525	(106,869)
Rate of assets out of the total assets in the balance sheet	100%	97%	3%
Rate of liabilities out of the total liabilities in the balance sheet	100%	84%	16%
Rate of equity out of the total equity in the balance sheet	100%	115%	(15%)

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

Names of signatories	Position	Signature
Patrick Burke	Chairman of the Board of Directors	___________________
Tomas de Vargas Machuca	CEO	___________________

November 12, 2019

BRACK CAPITAL PROPERTIES NV

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2019

UNAUDITED

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IN THOUSANDS OF EUROS

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עמית, חלפון

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 statement of financial position as of September 30, 2019 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 1 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 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 12, 2019 Amit, Halfon, CPAs

Ariel Sharon 4, Hashachar Tower, Givataim

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INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30,		December 31,
	2019	**2018**	**2018**
	Unaudited		**Audited**
	€ in thousands		
Current Assets			
Cash and cash equivalents	30,709	32,738	27,138
Balances receivable from banks	434	408	414
Restricted deposits, financial assets and other receivables	21,330	21,767	21,249
Income receivable from the sale of apartments	6,026	5,508	4,474
Tenants and trade receivables, net	210	3,443	1,523
Inventory of buildings under construction	30,595	41,250	25,496
	89,304	105,114	80,294
Assets of disposal groups held for sale	274,687	-	-
Non-Current Assets			
Investments in companies measured at equity	9,686	6,229	7,698
Investments in financial assets measured at fair value through profit or loss	37,668	39,941	37,019
Inventory of real estate	73,844	202,316	216,061
Investment property – real estate rights	64,712	67,086	64,683
Investment property – income generating assets	1,123,960	1,339,177	1,410,282
Restricted deposits for investments in assets	5,967	6,951	5,381
Other accounts receivable, fixed assets and other financial assets	2,560	375	426
Deferred taxes	64	868	1,231
	1,318,461	1,662,943	1,742,781
	1,682,452	1,768,057	1,823,075

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30, 2019	September 30, 2018	December 31, 2018
	Unaudited	Unaudited	Audited
	€ in thousands		
Current Liabilities			
Current maturities of loans from banks	91,111	95,983	101,485
Current maturities of debentures	19,370	17,331	17,066
Loans for financing inventory of buildings under construction	4,885	2,600	2,098
Accounts payable and other financial liabilities	16,304	26,967	30,066
Advances from apartment purchasers	4,148	3,598	841
	135,818	146,479	151,556
Liabilities of disposal group held for sale	168,901	-	-
Non-Current Liabilities			
Loans from banks and others	401,808	676,823	659,614
Loans from controlling shareholder	44,473	-	-
Debentures	85,796	94,176	90,349
Leasing liabilities	3,041	3,095	3,041
Other financial liabilities	672	732	384
Deferred taxes	106,254	106,929	117,671
	642,044	881,755	871,059
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	584	1,512	1,512
Statutory capital reserve	350,386	336,864	378,756
Retained earnings	199,118	157,914	170,808
Total equity attributable to Company shareholders	693,656	639,858	694,644
Non-controlling interests	42,033	99,965	105,816
Total equity	735,689	739,823	800,460
	1,682,452	1,768,057	1,823,075

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

November 12, 2019			
Date of approval of the financial statements	Patrick Burke Chairman of the Board of Directors	Tomas de Vargas Machuca CEO	Thomas Stienlet 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
	2019	2018	2019	2018	2018
	Unaudited				Audited
	€ in thousands (except for net earnings per share data)				
Revenues from rental of properties	56,440	59,267	17,315	19,837	79,168
Revenues from property management and others	19,786	20,258	6,523	6,815	26,980
Property management expenses	(19,857)	(19,960)	(6,599)	(6,599)	(27,870)
Cost of maintenance of rental properties	(8,917)	(8,396)	(2,847)	(2,829)	(12,717)
Rental and management revenues, net	47,452	51,169	14,392	17,224	65,561
Revenues from sale of apartments	45,471	41,615	32,461	12,202	62,753
Cost of sale of apartments	(38,242)	(31,830)	(26,108)	(9,339)	(47,771)
Gain (loss) from sale of apartments	7,229	9,785	6,353	2,863	14,982
Administrative and general expenses	(11,665)	(9,759)	(4,059)	(2,918)	(12,520)
Administrative and general expenses attributed to inventory of apartments under construction and real estate inventory	(1,580)	(1,844)	(564)	(597)	(2,329)
Selling and marketing expenses	(336)	(250)	(121)	(24)	(365)
Operating profit before change in value of investment property	41,100	49,101	16,001	16,548	65,329
Increase in value of investment property, net	2,611	34,500	(1,309)	1,200	95,499
Operating income	43,711	83,601	14,692	17,748	160,828
Financial expenses excluding the effect of exchange differences and currency hedging transactions	(14,474)	(14,831)	(4,910)	(5,003)	(19,646)
Effect of exchange differences, CPI and currency hedging transactions, net	(9,820)	3,561	(3,820)	(626)	6,509
Change in value of financial instruments loans and others (including early repayment costs of loans)	(14,477)	4,632	(3,431)	5,235	1,580
Equity in losses of companies accounted at equity method of accounting	-	(2,205)	-	-	(723)
Income before taxes on income	4,940	74,758	2,531	17,354	148,548
Tax expenses	(5,061)	(17,479)	(1,197)	(4,214)	(29,505)
Net income (loss) for the period	(121)	57,279	1,334	13,140	119,043
Other comprehensive income	-	-	-	-	-
Total comprehensive income (loss) for the period	(121)	57,279	1,334	13,140	119,043
Net income (loss) and comprehensive income attributable to:					
Company shareholders	(60)	46,133	440	11,788	100,919
Non-controlling interests	(61)	11,146	894	1,352	18,124
	(121)	57,279	1,334	13,140	119,043
Net earnings (loss) per share attributable to the Company's shareholders (in Euro)					
Basic and diluted net income (loss)	(0.01)	5.97	0.06	1.53	13.05

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, 2019 (audited)	77	144,237	(746)	1,512	378,756	170,808	694,644	105,816	800,460
Net and comprehensive loss	-	-	-	-	-	(60)	(60)	(61)	(121)
Total comprehensive loss	-	-	-	-	-	(60)	(60)	(61)	(121)
Classification as per provisions of Dutch law	-	-	-	-	(28,370)	28,370	-	-	-
Purchase of rights from non-controlling interests	-	-	-	(928)	-	-	(928)	(63,722)	(64,650)
Balance as of September 30, 2019 (Unaudited)	77	144,237	(746)	584	350,386	199,118	693,656	42,033	735,689

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 December 31, 2017 – as previously reported (audited)	77	144,237	(746)	2,322	319,337	125,941	591,168	107,402	698,570
Effect of initial adoption of IFRS 15	-	-	-	-	-	3,367	3,367	690	4,057
Balance as of January 1, 2018 (audited)	77	144,237	(746)	2,322	319,337	129,308	594,535	108,092	702,627
Net income and comprehensive income	-	-	-	-	-	46,133	46,133	11,146	57,279
Total comprehensive income	-	-	-	-	-	46,133	46,133	11,146	57,279
Classification as per provisions of Dutch law	-	-	-	-	17,527	(17,527)	-	-	-
Purchase of rights from non-controlling interests	-	-	-	(810)	-	-	(810)	(2,489)	(3,299)
Distribution and payment to non-controlling interests	-	-	-	-	-	-	-	(16,784)	(16,784)
Balance as of September 30, 2018 (unaudited)	77	144,237	(746)	1,512	336,864	157,914	639,858	99,965	739,823

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

CONDENSED INTERIM 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, 2019 (Unaudited)	77	144,237	(746)	1,512	349,872	199,192	694,144	104,861	799,005
Net income and comprehensive income	-	-	-	-	-	440	440	894	1,334
Total comprehensive income	-	-	-	-	-	440	440	894	1,334
Classification as per provisions of Dutch law					514	(514)	-	-	-
Purchase of rights from non-controlling interests	-	-	-	(928)	-	-	(928)	(63,722)	(64,650)
Balance as of September 30, 2019 (unaudited)	77	144,237	(746)	584	350,386	199,118	693,656	42,033	735,689

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

CONDENSED INTERIM 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, 2018 (Unaudited)	77	144,237	(746)	1,512	335,468	147,522	628,070	99,301	727,371
Net income and comprehensive income	-	-	-	-	-	11,788	11,788	1,352	13,140
Total comprehensive income	-	-	-	-	-	11,788	11,788	1,352	13,140
Classification as per provisions of Dutch law	-	-	-	-	1,396	(1,396)	-	-	-
Purchase of rights from non-controlling interests	-	-	-	-	-	-	-	(329)	(329)
Distribution to non-controlling interests	-	-	-	-	-	-	-	(359)	(359)
Balance as of September 30, 2018 (unaudited)	77	144,237	(746)	1,512	336,864	157,914	639,858	99,965	739,823

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

CONDENSED INTERIM 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 December 31, 2017 – as previously reported (audited)	77	144,237	(746)	2,322	319,337	125,941	591,168	107,402	698,570
Effect of initial adoption of IFRS 15	-	-	-	-	-	3,367	3,367	690	4,057
Balance as of January 1, 2018 (audited)	77	144,237	(746)	2,322	319,337	129,308	594,535	108,092	702,627
Net income and comprehensive income	-	-	-	-	-	100,919	100,919	18,124	119,043
Total comprehensive income	-	-	-	-	-	100,919	100,919	18,124	119,043
Classification as per provisions of Dutch law, net	-	-	-	-	59,419	(59,419)	-	-	-
Purchase of rights from non-controlling interests	-	-	-	(810)	-	-	(810)	(2,489)	(3,299)
Distribution and payment to non-controlling interests	-	-	-	-	-	-	-	(17,911)	(17,911)
Balance as of December 31, 2018 (audited)	77	144,237	(746)	1,512	378,756	170,808	694,644	105,816	800,460

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,
	2019	2018	2019	2018	2018
	Unaudited				Audited
	€ in thousands				
Cash flows from operating activities					
Net income (loss) for the period	(121)	57,279	1,334	13,140	119,043
Adjustments to reconcile net income to net cash provided by operating activities:					
Adjustments to profit and loss:					
Depreciation	75	48	23	6	75
Financial expenses, net	34,876	5,788	10,720	387	16,322
Decrease (Increase) in value of financial instruments	3,194	-	622	-	(5,693)
Decrease (Increase) in value of investment property, net	(2,611)	(34,500)	1,309	(1,200)	(96,912)
Deferred taxes, net	6,718	8,191	110	2,704	18,491
Equity in losses of companies accounted at equity	-	2,205	-	-	723
	42,252	(18,268)	12,784	1,897	(66,994)
Cash flows from operating activities before changes in asset and liability items	42,131	39,011	14,118	15,037	52,049
Changes in asset and liability items:					
Decrease in tenants, restricted deposits and other receivables and related parties	(1,357)	(4,562)	(10,907)	(599)	(1,294)
Increase (decrease) in accounts payable	(16,950)	4,533	(6,963)	1,726	6,769
	(18,307)	(29)	(17,870)	1,127	5,475
Net cash provided by operating activities before activity in real estate assets and liabilities	23,824	38,982	(3,752)	16,164	57,524
Change in advances from apartment purchasers and income receivable	3,307	5,393	264	1,741	2,635
Decrease (increase) in inventory of buildings under construction and real estate inventory	(5,943)	(1,881)	10,290	(3,590)	405
Net cash provided by operating activity before the purchase of long term inventory	21,188	42,494	6,802	14,315	60,564
Purchase of long term inventory of lands	-	(128,560)	-	-	(128,623)
Net cash provided by (used in) operating activities	21,188	(86,066)	6,802	14,315	(68,059)

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,
	2019	2018	2019	2018	2018
	Unaudited				Audited
	€ in thousands				
Cash Flows from investing activities					
Investment in investment property	(12,901)	(17,158)	(4,412)	(6,460)	(23,446)
Movement in investment in companies measured at equity	(1,988)	(116)	(888)	84	(103)
Investment in marketable financial asset measured at fair value through profit or loss	-	(35,000)	-	(35,000)	(35,000)
Proceeds from sale of investment property	-	11,900	-	-	11,900
Proceeds from sale of subsidiaries (a)	64,094	-	-	-	-
Withdrawal (placement) of restricted deposits, prepaid transaction costs and withdrawal (placement) of long-term deposits in banks, net	(898)	(12,990)	15,064	(6,298)	(9,982)
Sale of derivatives	-	237	-	-	237
Net cash provided by (used in) investing activities	48,307	(53,127)	9,764	(47,674)	(56,394)
Cash flows from financing activities					
Interest paid	(13,312)	(13,351)	(4,577)	(4,673)	(17,701)
Distribution and payment to non- controlling interests	-	(16,784)	-	(359)	(17,911)
Receipt of long-term bank loans, net (*)	214,934	197,772	3,506	2,287	197,772
Receipt of long term loans from controlling shareholder, net	44,200	-	-	-	-
Repayment of debentures	(15,180)	(14,962)	(15,180)	(14,962)	(17,309)
Repayment of long-term loans, net	(231,916)	(90,574)	(3,814)	(4,682)	(103,090)
Purchase of rights from non-controlling interests	(64,650)	(3,299)	(64,650)	(329)	(3,299)
Net cash provided by (used in) financing activities	(65,924)	58,802	(84,715)	(22,718)	38,462
Change in cash and cash equivalents	3,571	(80,391)	(68,149)	(56,077)	(85,991)
Balance of cash and cash equivalents at the beginning of the period	27,138	113,129	98,858	88,815	113,129
Balance of cash and cash equivalents at the end of the period	30,709	32,738	30,709	32,738	27,138

*) See note 5(2) regarding refinancing for 16 non-recourse loans.

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,
	2019	2018	2019	2018	2018
	Unaudited				Audited
	€ in thousands				
Additional information					
(a) Proceeds from sale of previously consolidated subsidiaries					
Assets and liabilities of the subsidiaries as of the date of sale:					
Investment property	180,603	-	-	-	-
Working capital (except cash and cash equivalents)	663	-	-	-	-
Loans from banks, net	(97,754)	-	-	-	-
Investment balance in previously consolidated subsidiaries	(6,494)	-	-	-	-
Deferred taxes, net	(12,924)	-	-	-	-
	64,094	-	-	-	-
(b) Taxes paid	9,598	3,113	1,495	488	4,357

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.

In 2010, the Company issued shares through IPO in Israel.

In April 2018, the Company was informed that the control of the Company was purchased by ADLER Real Estate AG (ADLER). ADLER intends to use its influence as controlling shareholder subject to the provisions of any law so as to examine the option of re-focusing the Company's strategy including the option of selling a certain part of the Company's assets and businesses in the commercial sector. As of the approval date of the financial statements, the Company continues to examine the options of focusing its business strategy including the commencement of actions for selling part of its businesses.

b. These Financial Statements have been prepared in a condensed format as of September 30, 2019 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, 2018 and for the year then ended and the accompanying notes (the consolidated annual financial statements).

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.

b. The significant accounting policies and calculation methods implemented in preparing the Interim Consolidated Financial Statements are consistent with those implemented in preparing the consolidated annual Financial Statements other than what is stated below.

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

IFRS 16, "Leases":

In January 2016, the IASB issued IFRS 16, "Leases" ("the new Standard"). According to the new Standard, a lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. The Standard came into effect effective from January 1, 2019.

The effects of the adoption of the new Standard are as follows:

- Lessees are required to recognize an asset and a corresponding liability in the statement of financial position in respect of all leases (except in certain cases, see below) similar to the accounting treatment of finance leases according to the existing IAS 17, "Leases".

  Lessees are required to initially recognize a lease liability for the obligation to make lease payments and a corresponding right-of-use asset. Lessees will also recognize interest and depreciation expense separately.

- Variable lease payments that are not dependent on changes in the Consumer Price Index ("CPI") or interest rates, but are based on performance or use (such as a percentage of revenues) are recognized as an expense by the lessees as incurred and recognized as income by the lessors as earned.

- In the event of change in variable lease payments that are CPI-linked, lessees are required to remeasure the lease liability and the effect of the remeasurement is an adjustment to the carrying amount of the right-of-use asset.

- The accounting treatment by lessors remains substantially unchanged, namely classification of a lease as a finance lease or an operating lease.

- The new Standard includes two exceptions according to which lessees are permitted to elect to apply a method similar to the current accounting treatment for operating leases. These exceptions are leases for which the underlying asset is of low value and leases with a term of up to one year. The initial adoption of the standard did not have a material impact on the financial statements.

IFRIC 23, "Uncertainty over Income Tax Treatments":

Effective from January 1, 2019 the Company adopts IFRIC 23, "Uncertainty over Income Tax Treatments" ("the Interpretation"). The Interpretation clarifies the rules of recognition and measurement of assets or liabilities in keeping with the provisions of IAS 12, "Taxes on Income", in situations of uncertainty involving taxes on income. The Interpretation provides guidance for determining whether some tax treatments should be considered collectively, addresses the position of the tax authorities, measures the implications of uncertainty involving income taxes on the financial statements and prescribes the accounting treatment of changes in facts and circumstances underlying the uncertainty.

The initial adoption of the interpretation did not have a material impact on the financial statements.

Note 2: - Significant accounting policies (Cont.)

Amendment to IAS 28, "Investments in Associates and Joint Ventures":

Effective from January 1, 2019 the Company adopts the amendment to IAS 28, "Investments in Associates and Joint Ventures" ("the Amendment"). The Amendment clarifies that long-term interests in associates and joint ventures (such as loans receivable or investments in preferred shares) which form part of the net investment in an associate or joint venture are initially be accounted for according to the provisions of IFRS 9 (both regarding measurement and impairment) and subsequently those interests are subject to the provisions of IAS 28. In view of the provisions of the amendment the application of the "layers method" as reflected in the accounting enforcement resolution 11-2 of ISA is no longer relevant.

The initial adoption of the standard did not have a material impact on the financial statements.

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, 2019		September 30, 2018		December 31, 2018	
	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	105,992	118,313	112,423	124,093	108,555	115,940

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

Note 3: - **Financial instruments (Cont.)**

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, 2019		
	Level 1	**Level 2**	**Level 3**
		Unaudited	
		€ in thousands	
Assets:			
Investments in marketable financial assets	31,174	6,494	-
Foreign currency forward contracts– dollar	2,914	-	-
Liabilities:			
Interest swap agreements	-	(995)	-

	September 30, 2018		
	Level 1	**Level 2**	**Level 3**
		Unaudited	
		€ in thousands	
Assets:			
Investments in marketable financial asset	39,941	-	-
Liabilities:			
Foreign currency forward contracts– dollar	(1,643)	-	-
Interest swap agreements	-	(234)	-

Note 3: - Financial instruments (Cont.)

b. Financial instruments measured at fair value (Cont.)

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:

	December 31, 2018		
	Level 1	Level 2	Level 3
	€ in thousands		
Assets:			
Investment in marketable financial asset	37,019	-	-
Liabilities:			
Foreign currency forward contracts – dollar	(363)	-	-
Interest swap agreements	-	(460)	-

c. Valuation techniques

The following methods and assumptions were used to estimate the fair values:

The fair value of financial instruments not traded in active market is determined using a valuation technique. Valuation techniques specific to financial instruments include:

- The fair value of interest swap contracts and CAP agreements is based on calculating the present value of the estimated future cash flows using observable return curves.
- The fair value of short term bank credit is based on calculating the discounted cash flows using the credit actually observed of the euribor rate plus a margin.

d. The following describes unobservable material data in active market used in valuation:

	Valuation technique	unobservable material data	Range (weighted average)	Sensitivity of fair value to change in data
Interest swap transactions	DCF	Payment curve	Euribor curve for the transaction period	2% increase/decrease in Euribor curve will result in increase/decrease of up to € 3.5 million in fair value

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, 2019 (Unaudited)					
Revenues from sale of apartments	-	-	-	45,471	45,471
Cost of sale of apartments	-	-	-	(38,242)	(38,242)
Gain from sale of apartments	-	-	-	7,229	7,229
Revenues from property rental	18,861	37,368	211	-	56,440
Revenues from property management and others	3,900	15,845	41	-	19,786
Property management expenses	(3,974)	(15,853)	(30)	-	(19,857)
Rental property maintenance expenses	(2,772)	(6,039)	(106)	-	(8,917)
Total rental and management revenues, net	16,015	31,321	116	-	47,452
Administrative and general expenses					(11,665)
Selling and marketing expenses and administrative and general expenses attributed to inventory of buildings under construction and inventory of real estate	-	-	-	(1,916)	(1,916)
Increase (decrease) in value of investment property, net	(20,606)	23,418	(201)	-	2,611
Financial expenses, net					(38,771)
Income before taxes on income					4,940

(*) As to assets designated for sale and assets realized in the reported period see Note 5(3) 5 (5) and 5(7).

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, 2018 (Unaudited)					
Revenues from sale of apartments	-	-	-	41,615	41,615
Cost of sale of apartments	-	-	-	(31,830)	(31,830)
Gain from sale of apartments	-	-	-	9,785	9,785
Revenues from property rental	22,649	36,482	136	-	59,267
Revenues from property management and others	4,000	16,152	106	-	20,258
Property management expenses	(3,995)	(15,864)	(101)	-	(19,960)
Rental property maintenance expenses	(2,959)	(5,336)	(101)	-	(8,396)
Total rental and management revenues, net	19,695	31,434	40	-	51,169
Administrative and general expenses					(9,759)
Selling and marketing expenses and administrative and general expenses attributed to inventory of buildings under construction and inventory of real estate	-	-	-	(2,094)	(2,094)
Increase in value of investment property, net	1,408	39,144	(6,052)	-	34,500
Financial expenses, net					(6,638)
Equity in losses of companies accounted at equity method of accounting	(2,205)	-	-	-	(2,205)
Income before taxes on income					74,758

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, 2019 (Unaudited)					
Revenues from sale of apartments	-	-	-	32,461	32,461
Cost of sale of apartments	-	-	-	(26,108)	(26,108)
Gain from sale of apartments	-	-	-	6,353	6,353
Revenues from property rental	4,651	12,522	142	-	17,315
Revenues from property management and others	849	5,663	11	-	6,523
Property management expenses	(896)	(5,694)	(9)	-	(6,599)
Rental property maintenance expenses	(960)	(1,864)	(23)	-	(2,847)
Total rental and management revenues, net	3,644	10,627	121	-	14,392
Administrative and general expenses					(4,059)
Selling and marketing expenses and administrative and general expenses attributed to inventory of buildings under construction and inventory of real estate	-	-	-	(685)	(685)
Increase (decrease) in value of investment property, net	(220)	(1,084)	(5)	-	(1,309)
Financial expenses, net					(12,161)
Income before taxes on income					2,531

(*) As to assets designated for sale see Note 5(3) 5(5) and 5(7).

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, 2018 (Unaudited)					
Revenues from sale of apartments	-	-	-	12,202	12,202
Cost of sale of apartments	-	-	-	(9,339)	(9,339)
Gain from sale of apartments	-	-	-	2,863	2,863
Revenues from property rental	7,555	12,234	48	-	19,837
Revenues from property management and others	1,367	5,419	29	-	6,815
Property management expenses	(1,364)	(5,205)	(30)	-	(6,599)
Rental property maintenance expenses	(1,166)	(1,656)	(7)	-	(2,829)
Total rental and management revenues, net	6,392	10,792	40	-	17,224
Administrative and general expenses					(2,918)
Selling and marketing expenses and administrative and general expenses attributed to inventory of buildings under construction and inventory of real estate				(621)	(621)
Increase (decrease) in value of investment property, net	(214)	1,851	(437)		1,200
Financial expenses, net					(394)
Income before taxes on income					17,354

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, 2018					
Revenues from sale of apartments	-	-	-	62,753	62,753
Cost of sale of apartments	-	-	-	(47,771)	(47,771)
Gain from sale of apartments	-	-	-	14,982	14,982
Revenues from property rental	30,067	48,918	183		
Revenues from property management and others	5,146	21,762	72	-	79,168
Property management expenses	(6,130)	(21,669)	(71)	-	26,980
Rental property maintenance expenses	(3,692)	(8,906)	(119)	-	(12,717)
Total rental and management revenues (expenses), net	25,391	40,105	65	-	65,561
Net revenues before management and finance expenses					80,543
General and administrative expenses					(12,520)
Selling and marketing and general and administrative expenses attributed to inventory of buildings under construction and inventory of real estate	-	-	-	(2,694)	(2,694)
Appreciation (impairment) of investment property, net	14,360	83,333	(2,694)	-	95,499
Financial expenses, net					(11,557)
Equity in losses of companies accounted at equity	(723)	-	-	-	(723)
Income before taxes on income					148,548

Note 5: - **Material Events during the Reported Period**

1. Further to Note 17C of the annual financial statements, in January and February 2019, as part of the exercise of the refusal right/offer to acquire the rights of the investors, the Company notified the investors of the exercise of the right of first offer, and as a result the Company and the holders of rights began negotiations for the acquisition of the rights of the investors. In order to carry out the transaction and improve the structure of the transaction, the Company entered into an agreement with ADLER's subsidiary such that ADLER's subsidiary will purchase 10.1% of the rights in the relevant asset companies. On July 1, 2019 the Company completed the acquisition of such rights (except the rights at a rate of 10.1% as aforesaid) for a total amount of EUR 64.7 million.

2. During January 2019, the Company through subsidiaries entered into a refinancing transaction with a German bank for 16 non-recourse loans taken from the same German banking corporation entered into force in April 2019 under the following conditions:

	New conditions	Previous conditions
Loan amount	EUR 205 million	EUR 205 million
Final repayment date	9.84 years	3.78 weighted average
Weighted interest rate per year	1.73% - 1.88% where all loans are at fixed interest	1.29% - weighted, according to the previous conditions a loan of EUR 157 million bore fixed interest and a loan of EUR 48 million bore variable interest
Current principal payment rate per year	2.5%	2% - 2.5%

The loans are not subject to financial covenants and the remaining asset balance used as collateral for these loans as of the day of the refinance completion amounted to EUR 498.8 million. The Company accounted for the financing transaction as derecognition of existing loans and taking new loans. Other than changes in rates of current interest, the swap transaction had no material effect on the operating results for the period.

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

3. On March 22, 2019, the Company entered into an agreement with a third party unrelated to the Company or its controlling shareholder which to the best of the Company's knowledge is a leading global venture capital fund, for the sale of 89.9% of its holdings in three companies (indirectly held by the Company through certain subsidiaries of the Company), which own commercial properties in the cities of Rostock, Celle and Castrop. The consideration of the transaction represents the value of assets, gross, of EUR 175 million with certain adjustments as defined in the sale agreement. On May 31, 2019, the Company completed the sale transaction. As a result, the Company recognized a loss of EUR 2.3 million due to the difference between the proceeds of the sale, net of transaction costs, (transaction costs amounted to EUR 6.4 million) and the value of the net assets and liabilities presented in the Company's financial statements; the loss was recognized in the Company's financial statements as part of changes in fair value of investment property, net. In addition, the Company recognized a loss of EUR 7.2 million as part of financial expenses as a result of the costs for the early repayment of the bank loans that were repaid upon the completion of the transaction. The remaining holding of the Company in these subsidiaries amounts to EUR 6.5 million (10.1% of the equity of the subsidiaries), and is presented in the financial statements as investment in financial assets measured at fair value through profit or loss.

4. On May 9, 2019, the Company's audit committee and Board of directors approved to obtain a credit facility of EUR 100 million from ADLER, the controlling shareholder of the Company, from this facility as of September 30, 2019 and as of the approval date of the financial statements, EUR 44.2 million were drawn. The facility was granted for a two-year period at an interest of 2.58% per annum and the Company has early repayment right of the withdrawn funds without penalty. No financial covenants were set for the loan and no collaterals were provided by the Company.

5. On June 28, 2019, the Company entered into an agreement for selling additional assets from the Company's commercial income producing real estate portfolio. As a result of the agreement, the Company recognized a loss of EUR 9 million deriving from the adjustment of the value of the net assets and liabilities presented in the Company's financial statements to sale proceeds (net of transaction costs) and an additional loss of EUR 4 million, net of tax for costs the Company is expected to bear mainly for estimated repair costs agreed with the purchaser.

   Accordingly, the assets and liabilities of these subsidiaries were classified in the statement of financial position as of September 30, 2019 as assets and liabilities of disposal group held for sale.

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

Below is the composition as of September 30, 2019:

Assets classified as held for sale	in EUR thousands
Investment property held for sale	128,641
Trade receivables and other receivables	1,062
	129,703

Liabilities classified as held for sale	
Long term loans from banks	70,608
Accounts payable	5,283
Provision for deferred tax	3,674
	79,565

6. Further to Note 17a(5) to the Company's financial statements, during June 2019, the Company reached an interim agreement with the performing contractor, under which the Company made a provision for an additional € 1.6 million (paid in early July 2019 which were recorded in cost of sales in the reported period). In addition, there are monetary demands of the contractor amounting to € 3 million, against which the Company has counter-claims as stated in the above note.

7. On September 22, 2019, the company entered into an agreement with a third-party buyer and real estate investor focusing on real estate projects in Germany for selling 75% of its holdings in Glasmacherviertel GmbH & Co KG, a wholly owned subsidiary of the company, which owns the Gerresheim development project, for a consideration reflecting a property value of € 375 million. The completion of the transaction is expected upon completion of customary conditions. In addition, as of the report publication date, the parties discuss the option of adjusting the consideration payment dates as acceptable in transactions in the sector of real estate development. For further details regarding the property, see Section 1.9.5.7 of Part A of the Company's Annual Report for 2018.

   The assets and liabilities of the subsidiary were classified in the statement of financial position as of September 30, 2019 as assets and liabilities of disposal group held for sale

Assets classified as held for sale	in EUR thousands
Inventory of real estate	142,278
Deferred tax asset	2,637
Trade receivables and other receivables	69
	144,984

Liabilities classified as held for sale	
Long term loans from banks	89,284
Accounts payable	352
	89,336

BRACK CAPITAL PROPERTIES NV

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

AS OF SEPTEMBER 30, 2019

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 NV (hereinafter – the Company), as of September 30, 2019 and for the nine-month and three-month periods 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 1 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 12, 2019 Amit, Halfon, CPAs

Ariel Sharon 4, Hashachar Tower, Givataim

Telephone: +972-3-6123939 Fax: +972-3-6125030 e-mail: office@ahcpa.co.il www.ahcpa.co.il

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

	September 30, 2019	September 30, 2018	December 31, 2018
	Unaudited	Unaudited	Audited
	€ in thousands		
Current Assets			
Cash and cash equivalents	735	7,959	5,686
Cash and cash equivalents in trust	7,479	4,046	1,940
Balances receivable from banks	434	408	414
Restricted deposits and other receivables	3,717	7,778	4,874
	12,365	20,191	12,914
Non-Current Assets			
Investment in investee	800,525	693,811	755,917
Investment in marketable financial asset measured at fair value through profit or loss	31,174	39,941	37,019
Other financial assets	-	-	-
	831,699	733,752	792,936
	844,064	753,943	805,850
Current Liabilities			
Current maturity of debentures	19,370	17,331	17,066
Other financial liabilities	-	790	196
Accounts payable	769	935	3,428
	20,139	19,056	20,690
Non-Current Liabilities			
Debentures	85,796	94,176	90,349
Loans from controlling shareholder	44,473	-	-
Other financial liabilities	-	853	167
	130,269	95,029	90,516
Equity			
Share Capital	77	77	77
Premium on Shares	144,237	144,237	144,237
Treasury Shares	(746)	(746)	(746)
Other capital reserves	584	1,512	1,512
Statutory capital reserve	350,386	336,864	378,756
Retained earnings	199,118	157,914	170,808
Total equity	693,656	639,858	694,644
	844,064	753,943	805,850

November 12, 2019			
Date of approval of the financial statements	Patrick Burke Chairman of the Board of Directors	Tomas de Vargas Machuca CEO	Thomas Stienlet 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
	2019	2018	2019	2018	2018
	Unaudited				Audited
	€ in thousands				
Administrative and general expenses	(1,823)	(1,324)	(623)	(298)	(1,925)
Financial income (expenses), net	(19,339)	4,686	(7,794)	3,561	3,696
Equity in earnings of investess	21,102	42,771	8,857	8,525	99,148
Net income (loss)	(60)	46,133	440	11,788	100,919
Other comprehensive income for the period:	-	-	-	-	-
Total other comprehensive income (loss)	(60)	46,133	440	11,788	100,919

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
	2019	2018	2019	2018	2018
	Unaudited				Audited
Cash flows from operating activities:					
Net income (loss) attributed to the Company's shareholders	(60)	46,133	440	11,788	100,919
Adjustments required to present net cash provided by operating activities:					
Adjustments to the profit or loss items:					
Financial expenses, net	14,128	(4,915)	2,301	(2,150)	(3,049)
Equity in earnings of investees	(21,102)	(42,771)	(8,857)	(8,525)	(99,148)
	(6,974)	(47,686)	(6,556)	(10,675)	(102,197)
Changes in assets and liabilities items:					
Decrease (increase) in other receivables and related parties	(349)	10	480	20	(15)
Increase (decrease) in accounts payable and related parties	2,343	(108)	1,987	(101)	(2,160)
	1,994	(98)	,2,467	(81)	(2,175)
Net cash used in operating activities of the Company	(5,040)	(1,651)	(3,649)	1,032	(3,453)
Cash Flows from investing activities					
Change in investment in investee and cash and cash equivalents in trust, net	(29,899)	29,737	(36,494)	30,034	29,391
Investment in marketable financial asset measured at fair value through profit or loss	-	(35,000)	-	(35,000)	(35,000)
Decrease (increase) in restricted deposits	4,310	(7,690)	4,310	2,286	(4,688)
Interest received and exercise of derivatives	-	237	-	-	237
Net cash used in investing activities of the Company	(25,589)	(12,716)	(32,184)	(2,680)	(10,060)

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
	2019	2018	2019	2018	2018
	Unaudited				Audited
Cash flows from financing activities					
Interest paid	(3,342)	(4,094)	(1,246)	(1,634)	(4,874)
Receipt of long term loans from controlling shareholder	44,200	-	-	-	-
Repayment of debentures	(15,180)	(14,962)	(15,180)	(14,962)	(17,309)
Net cash provided by (used in) financing activities of the Company	25,678	(19,056)	(16,426)	(16,596)	(22,183)
Change in cash and cash equivalents	(4,951)	(33,423)	(52,259)	(18,244)	(35,696)
Balance of cash and cash equivalents at the beginning of the period	5,686	41,382	52,994	26,203	41,382
Balance of cash and cash equivalents at the end of the period	735	7,959	735	7,959	5,686

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, 2019 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, 2018 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, 2018.

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, 2018.

2: - Material events in the reported period

a. Further to Note 17C of the annual financial statements, in January and February 2019, as part of the exercise of the refusal right/offer to acquire the rights of the investors, the Company notified the investors of the exercise of the refusal right, and as a result the Company and the holders of rights began negotiations for the acquisition of the rights of the investors. In order to carry out the transaction and improve the structure of the transaction, the Company entered into an agreement with ADLER's subsidiary such that ADLER's subsidiary will purchase 10.1% of the rights in the relevant asset companies. On July 1, 2019 the Company completed the acquisition of rights of the investors for a total amount of EUR 64.7 million.

b. On May 9, 2019, the Company's audit committee and Board of directors approved to obtain a credit facility of EUR 100 million from ADLER, the controlling shareholder of the Company, from this facility as of September 30, 2019 and as of the approval date of the financial statements, EUR 44.2 million were drawn. The facility was granted for a two-year period at an interest of 2.58% per annum and the Company has early repayment right of the withdrawn funds without penalty. No financial covenants were set for the loan and no collaterals were provided by the Company.