

בראק קפיטל פרופרטיז אן.וי. ("החברה")

25 בנובמבר, 2021

לכבוד	לכבוד
הבורסה לניירות ערך בתל-אביב בע"מ	רשות ניירות ערך
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הנדון: דוח מיידי בדבר זימון אסיפה כללית שנתית ומיוחדת של בעלי המניות של החברה

בהתאם לחוק החברות, התשנ"ט-1999 ("חוק החברות"), חוק ניירות ערך, התשכ"ח-1968 ("חוק ניירות ערך"), תקנות ניירות ערך (דוחות תקופתיים ומיידיים), התש"ל-1970 ("תקנות הדוחות"), תקנות החברות (הודעה ומודעה על אסיפה כללית ואסיפת סוג בחברה ציבורית והוספת נושא לסדר היום), התש"ס-2000 ותקנות החברות (הצבעה בכתב והודעות עמדה), התשס"ו-2005 ("תקנות הצבעה בכתב") ובהתאם להוראות הרלוונטיות של תקנון החברה והדין ההולנדי, החברה מודיעה בזאת על זימון אסיפה כללית שנתית ומיוחדת של בעלי המניות של החברה ("האסיפה"), שתתקנס ביום 30 בדצמבר, 2021, בשעה 16:00 CEST. לאור מגבלות הקורונה האסיפה תתקיים באמצעות שיחת ועידה טלפונית, בה כל המשתתפים יוכלו לשמוע זה את זה. פרטי השיחה ימסרו על ידי נציגי החברה לעניין דוח זה (כמפורט בסעיף 2.8 של דוח זה) וזאת כנגד הצגת אישור בעלות, תעודה מזהה ו/או יפוי כוח להשתתפות באסיפה (ככל הרלוונטי).

1. ההחלטות על סדר יומה של האסיפה

1.1. דיון בדוח השנתי והדוחות הכספיים של החברה לשנת 2020 (נערך בהתאם לתקנות הדוחות בישראל)

בהתחשב בכך שמניות החברה רשומות בבורסה בתל אביב, החברה נדרשת לערוך דוח שנתי ודוחות כספיים בהתאם לתקנות הדוחות ("הדוח הכספי הישראלי") בנוסף לדרישות הדיווח לפי הדין ההולנדי לאור התאגדותה של החברה בהולנד. עותק של הדוח הכספי הישראלי לשנת 2020 ניתן להשיג במשרדי החברה בכתובת Herengracht 456 1017 CA, Amsterdam, the Netherlands ("משרדי החברה") והוא זמין באופן מקוון דרך אתר החברה ואתרי הבורסה והמגנ"א (מס' אסמכתא: 026034-01-2021).

הדוח הכספי הישראלי יידון ולא תתקיים הצבעה לגביו.

1.2. דיון ואישור הדוח השנתי והדוחות הכספיים של החברה לשנת 2020 (נערך בהתאם לדיון ההולנדי) (החלטה)

מוצע לאשר את הדוח הכספי השנתי הסטטוטורי לפי הדין ההולנדי לשנת 2020 כפי שהוא נערך בהתאם לתקני IFRS ("הדוח הכספי הסטטוטורי ההולנדי"). ניתן למצוא עותק של הדוח הכספי הסטטוטורי ההולנדי לשנת 2020 במשרדי החברה באמסטרדם, הולנד, וכן, באופן מקוון דרך אתר החברה. העתק של הדוח הכספי הסטטוטורי ההולנדי מצורף גם **כנספח א'** לדוח מיידי זה.

1.3. מינוי מחדש של רואי חשבון מבקרים בישראל (החלטה)

מוצע למנות מחדש את PKF עמית, חלפון כרואי החשבון החיצוניים של החברה, אשר יהיו אחראים לביקורת הדוחות השנתיים של החברה לשנת 2021 (לצידם של KPMG, בהתאם ובכפוף לאישור נושא 1.4 להלן), בהתאם לתקנות הדוחות.

1.4. מינוי של רואי חשבון מבקרים בישראל (החלטה)

מוצע למנות את סומך חייקין (KPMG) כרואי החשבון החיצוניים של החברה לשנת 2022 ועד לתום האסיפה הכללית השנתית הבאה של החברה, ואשר יהיו אחראים לביקורת הדוחות השנתיים של החברה לשנת 2021 (לצידם של PKF, בהתאם ובכפוף לאישור נושא 1.3 לעיל), ולהסמיך את דירקטוריון החברה לקבוע את שכרם.

1.5. מינוי מחדש של רואי חשבון מבקרים בהולנד (החלטה)

מוצע למנות מחדש את משרד IUS Statutory Audits Coöperatie U.A כרואי החשבון החיצוניים האחראים לביקורת הדוחות השנתיים של החברה לשנת 2021, לצורך ביקורת הדוח הכספי השנתי הסטטוטורי של החברה לשנת 2021, בהתאם לדין ההולנדי.

1.6. פטור מאחריות לחברי דירקטוריון (החלטה)

מוצע לפטור את חברי הדירקטוריון (כפי שהיו במועדים הרלוונטים) מאחריותם לגבי פעולותיהם במהלך שנת הכספים 2020, בהתאם לדין ההולנדי, ככל שהפעילות כאמור באה לידי ביטוי בדוח הכספי השנתי של החברה לשנת 2020. מובהר כי החלטה זו המוצעת לאישור הינה החלטה שגרתית באסיפות כלליות שנתיות של בעלי המניות בהולנד. כחלק מתהליך אישור הדוח הכספי, נהוג בהולנד לפטור את חברי הדירקטוריון מאחריות קיימת או פוטנציאלית כלפי החברה, במסגרת ביצוע תפקידיהם, ורק במידה שפעולות אלו משתקפות בדוח השנתי של החברה או כפי שהובאו לידיעת האסיפה הכללית, לפני אישור הדוחות הכספיים של החברה לשנת 2020. היקף הפטור יהיה כפוף למגבלות הדין ההולנדי הכללי, כגון חובת זהירות ועקרונות הגינות וסבירות, למרות שאין הוראה ספציפית בדין בעניין זה. בנוסף, עקרונות סבירות והגינות עשויים, בנסיבות מסוימות, למנוע פטור מאחריות לחברי הדירקטוריון. הפטור האמור אינו מחייב צד ג' כלשהו ואינו מתנה על הוראות חוק ניירות ערך הישראלי החלות על החברה, לרבות הזכויות המוקנות לבעלי מניות החברה.

1.7. מינוי מחדש של הדירקטורים שאינם דירקטורים חיצוניים לתקופה נוספת (החלטה)

1.7.1. מינוי מחדש של מר Machiel Hoek כ-Executive Director לדירקטוריון החברה (החלטה)

1.7.1.1 מוצע למנות מחדש לדירקטוריון את מר Machiel Hoek כ- Executive Director, לתקופת כהונה שתחל החל ממועד אישור מינויו על ידי האסיפה המזומנת בזאת, ועד לסוף האסיפה השנתית הבאה של החברה.

1.7.1.2. Mr. Hoek יכהן כ- Executive Director כנדרש על פי הדין ההולנדי. בהתאם להוראות סעיף 224ב לחוק החברות, Mr. Hoek מסר לחברה הצהרה, אשר העתק ממנה מצורף **כנספח ב'** לדוח מידי זה. לפרטים נוספים בהתאם לסעיף 26 לתקנות הדוחות, ראו פרק "מידע נוסף", המצורף לדוח השנתי של החברה לשנת 2020.

1.7.1.3. ביום 19 באוקטובר, 2020, סיווג הדירקטוריון את Mr. Hoek כדירקטור בעל מומחיות חשבונאית ופיננסית, כהגדרת מונח זה בתקנות החברות (תנאים ומבחנים לדירקטור בעל מומחיות חשבונאית ופיננסית ולדירקטור בעל כשירות מקצועית), תשס"ו-2005 ("תקנות המומחיות"), בין היתר, לאור השכלתו וניסיונו העסקי.

1.7.1.4. התגמול המשולם לMr. Hoek ישאר ללא שינוי ויכלול גמול שנתי וגמול עבור השתתפות בישיבות, אשר לא יעלה על הסכום המקסימלי המצויין בסעיפים 4, 5 ו-7 לתקנות החברות (כללים בדבר גמול והוצאות לדירקטור חיצוני), תש"ס-2000 ("תקנות הגמול"), כפי שיעודכנו מעת לעת, ובהתאם לדרגה שבה תסווג החברה, ובהתאם לתקנון ההתאגדות ומדיניות התגמול של החברה, וכפי שנהוג בחברה.

1.7.1.5. בנוסף, Mr. Hoek זכאי להיכלל בהסדרים הסטנדרטים הקיימים בחברה, בין היתר, באשר לפוליסת הביטוח לדירקטורים ונושאי משרה והסדרי השיפוי, כמפורט בתקנון ההתאגדות ובמדיניות התגמול של החברה וכפי שנהוג בחברה, ואשר יישארו בתוקף לגבי הדירקטורים המכהנים או יכהנו בחברה מעת לעת.

1.7.1.6. מומלץ למנות מחדש את Mr. Hoek, גם בשים לב לביצועיו במהלך תקופת כהונתו הקודמת.

1.7.2. מינוי מחדש של Mr. Patrick Burke לדירקטוריון החברה (החלטה)

1.7.2.1. מוצע למנות מחדש לדירקטוריון את Mr. Patrick Burke כ- Non-Executive Director, לתקופת כהונה שתחל החל ממועד אישור מינויו מחדש על ידי האסיפה המזומנת בזאת, ועד לסוף האסיפה השנתית הבאה של החברה.

1.7.2.2. Mr. Patrick Burke משמש כ- Non-Executive Director ויו"ר הדירקטוריון.

1.7.2.3. בהתאם לסעיף 224ב לחוק החברות, מסר Mr. Patrick Burke לחברה הצהרה, אשר העתק ממנה מצורף **כנספח ב'** לדוח מידי זה. לפרטים נוספים בהתאם לסעיף 26 לתקנות הדוחות, ראו פרק "מידע נוסף", המצורף לדוח השנתי של החברה לשנת 2020.

1.7.2.4. בימים 24 במאי, 2018, סיווג הדירקטוריון את Mr. Patrick Burke כדירקטור בעל מומחיות חשבונאית ופיננסית, כהגדרת מונח זה בתקנות המומחיות, בין היתר, לאור השכלתו וניסיונו העסקי.

1.7.2.5. התגמול המשולם למר Burke ישאר ללא שינוי ויכלול גמול שנתי וגמול עבור השתתפות בישיבות, אשר לא יעלה על הסכום המקסימלי המצוין בסעיפים 4, 5 ו-7 לתקנות הגמול, כפי שיעודכנו מעת לעת, ובהתאם לדרגה שבה תסווג החברה, ובהתאם לתקנון ההתאגדות ומדיניות התגמול של החברה, וכפי שנהוג בחברה.

בנוסף, מר Burke זכאי להיכלל בהסדרים הסטנדרטים הקיימים בחברה, בין היתר, באשר לפוליסת הביטוח לדירקטורים ונושאי משרה והסדרי השיפוי, כמפורט בתקנון ההתאגדות ובמדיניות התגמול של החברה וכפי שנהוג בחברה, ואשר יישאר בתוקף לגבי הדירקטורים המכהנים או יכהנו בחברה, מעת לעת.

1.7.2.6. מומלץ למנות מחדש את מר Burke, גם בשים לב לביצועיו במהלך תקופת כהונתו הקודמת.

1.7.3. מינוי מחדש של מר Jeroen Dorenbos כדירקטור בלתי תלוי לדירקטוריון החברה (החלטה)

1.7.3.1. מוצע למנות מחדש לדירקטוריון את מר Jeroen Dorenbos כ- Non-Executive Director ודירקטור בלתי תלוי, לתקופת כהונה שתחל החל ממועד אישור מינויו מחדש על ידי האסיפה המזומנת בזאת, ועד לסוף האסיפה השנתית הבאה של החברה.

1.7.3.2. מר Jeroen Dorenbos משמש כ- Non-Executive Director ודירקטור בלתי תלוי בדירקטוריון החברה. בהתאם לסעיף 224 לחוק החברות, מסר מר Dorenbos לחברה הצהרה, אשר העתק ממנה מצורף **כנספת ב'** לדוח מיידי זה. לפרטים נוספים בהתאם לסעיף 26 לתקנות הדוחות, ראו פרק "מידע נוסף", המצורף לדוח השנתי של החברה לשנת 2020.

1.7.3.3. ביום 24 במאי, 2018, סיווג הדירקטוריון את מר Dorenbos כדירקטור בעל מומחיות חשבונאית ופיננסית, כהגדרת מונח זה בתקנות המומחיות, לאור השכלתו וניסיונו העסקי.

1.7.3.4. התגמול המשולם למר Dorenbos ישאר ללא שינוי ויכלול גמול שנתי וגמול עבור השתתפות בישיבות, אשר לא יעלה על הסכום המקסימלי המצוין בסעיפים 4, 5 ו-7 לתקנות הגמול, כפי שיעודכנו מעת לעת, ובהתאם לדרגה שבה תסווג החברה, ובהתאם לתקנון ההתאגדות ומדיניות התגמול של החברה, וכפי שנהוג בחברה.

בנוסף, מר Dorenbos זכאי להיכלל בהסדרים הסטנדרטים הקיימים בחברה, בין היתר, באשר לפוליסת הביטוח לדירקטורים ונושאי משרה והסדרי השיפוי, כמפורט בתקנון ההתאגדות ובמדיניות התגמול של החברה וכפי שנהוג בחברה, אשר יישארו בתוקף לגבי הדירקטורים המכהנים או יכהנו בחברה, מעת לעת.

1.7.3.5. כמו כן, מומלץ למנות מחדש את Mr. Dorenbos, גם בשים לב לביצועיו במהלך תקופת כהונתו הקודמת.

1.7.4. מינוי מחדש של גב' נועה שחם כדירקטורית בלתי תלויה לדירקטוריון החברה (החלטה)

1.7.4.1. מוצע למנות מחדש לדירקטוריון את גב' נועה שחם כ- Non-Executive Director ודירקטורית בלתי תלויה, לתקופת כהונה שתחל החל ממועד אישור מינויה מחדש על ידי האסיפה המזומנת בזאת, ועד לסוף האסיפה השנתית הבאה של החברה.

1.7.4.2. גב' שחם משמשת כ- Non-Executive Director ודירקטורית בלתי תלויה בדירקטוריון החברה. בהתאם לסעיף 224ב לחוק החברות, מסרה גב' שחם לחברה הצהרה, אשר העתק ממנה מצורף **כנספח ב'** לדוח מיידי זה. לפרטים נוספים בהתאם לסעיף 26 לתקנות הדוחות, ראו פרק "מידע נוסף", המצורף לדוח השנתי של החברה לשנת 2020.

1.7.4.3. ביום 10 ביולי, 2018, סיווג הדירקטוריון את גב' שחם כדירקטורית בעלת מומחיות חשבונאית ופיננסית, כהגדרת מונח זה בתקנות המומחיות, לאור השכלתה וניסיונה העסקי.

1.7.4.4. התגמול המשולם לגב' שחם ישאר לא שינוי ויכלול גמול שנתי וגמול עבור השתתפות בישיבות, אשר לא יעלה על הסכום המקסימלי המצויין בסעיפים 4, 5 ו-7 לתקנות הגמול, כפי שיעודכנו מעת לעת, ובהתאם לדרגה שבה תסווג החברה, ובהתאם לתקנון ההתאגדות ומדיניות התגמול של החברה, וכפי שנהוג בחברה.

בנוסף, גב' שחם זכאית להיכלל בהסדרים הסטנדרטים הקיימים בחברה, בין היתר, באשר לפוליסת הביטוח לדירקטורים ונושאי משרה והסדרי השיפוי, כמפורט בתקנון ההתאגדות ובמדיניות התגמול של החברה וכפי שנהוג בחברה, אשר יישארו בתוקף לגבי הדירקטורים אשר מכהנים או יכהנו בחברה.

1.7.4.5. מומלץ למנות מחדש את גב' שחם, גם בשים לב לביצועיה במהלך תקופת כהונתה הקודמת.

1.8. מינוי דירקטור שאינו דירקטור חיצוני

1.8.1. מינוי Mr. Thierry Beaudemoulin כ- Executive Director לדירקטוריון החברה (החלטה)

1.8.1.1. מוצע למנות לדירקטוריון החברה את Mr. Thierry Beaudemoulin כ- Executive Director, לתקופת כהונה שתחל החל ממועד אישור מינויו על ידי האסיפה המזומנת בזאת, ועד לסוף האסיפה השנתית הבאה של החברה.

1.8.1.2. Mr. Beaudemoulin משמש כמנכ"ל החברה וכן מנכ"ל משותף ומנהל תפעול ראשי (COO) בחברת ADLER Real Estate AG, בעלת השליטה בחברה.

- 1.8.1.3. Mr. Beaudemoulin יכהן כ- Executive Director כנדרש על פי הדין ההולנדי. בהתאם לסעיף 224 לחוק החברות, מסר Mr. Beaudemoulin לחברה הצהרה, אשר העתק ממנה מצורף כנספת ב' לדוח מיידי זה. לפרטים נוספים, למיטב ידיעת החברה, בנוגע למר Beaudemoulin, כנדרש בהתאם לסעיף 26 לתקנות הדוחות, ראו נספת ג' לדיווח מיידי זה.
- 1.8.1.4. Mr. Beaudemoulin לא יהיה זכאי לתגמולנוסף כדירקטור בחברה. למען הסר ספק, Mr. Beaudemoulin זכאי להיכלל בפוליסת הביטוח לדירקטורים ונושאי משרה של החברה כמפורט בתקנון ההתאגדות ובמדיניות התגמול של החברה וכפי שנהוג בחברה.¹

1.9. מינוי דירקטור חיצוני

- 1.9.1. מינויו מר דן ללוז כדירקטור חיצוני לדירקטוריון החברה
- 1.9.1.1. מוצע למנות את מר דן ללוז כדירקטור חיצוני בדירקטוריון החברה, לתקופת כהונה של שלוש (3) שנים, החל ממועד אישור מינויו על ידי האסיפה המזומנת בזאת.
- 1.9.1.2. בכדי לשמש כדירקטור חיצוני מסר המועמד לחברה הצהרה בהתאם לסעיפים 224 ו-241 לחוק החברות, אשר העתק ממנה מצורף כנספת ב' לדוח מיידי זה. לפרטים נוספים, למיטב ידיעת החברה, בנוגע למר ללוז, כנדרש בהתאם לסעיף 26 לתקנות הדוחות ראו נספת ג' לדוח מיידי זה.
- 1.9.1.3. מר ללוז סווג על ידי חברי הדירקטוריון של החברה כבעל מומחיות חשבונאית ופיננסית, כהגדרת מונח זה בתקנות המומחיות.
- 1.9.1.4. בהתאם להחלטת דירקטוריון החברה, הובא לידיעתו של מר ללוז כי בכפוף למינויו כדירקטור חיצוני על ידי האסיפה המזומנת בזו, הוא יהיה זכאי לתגמול שנתי ותגמול בגין השתתפותו בישיבות בסכום המירבי, כפי שנקבע בתקנות הגמול, כפי שיעודכן מעת לעת, ובהתאם לדרגה שבה תסווג החברה.²
- 1.9.1.5. כמו כן, מר ללוז יהיה זכאי להיכלל בפוליסת הביטוח לדירקטורים ונושאי משרה ובהסדרי השיפוי של החברה כמפורט בתקנון ההתאגדות ובמדיניות התגמול של החברה, וכפי שנהוג בחברה.³

¹ כפי שאושר בהתאם לתקנה 1א1 ו-1ב1 (5) לתקנות החברות (הקלות בעסקאות עם בעלי עניין), תש"ס-2000, ודווח על ידי החברה ביום 31.10.2021 (מס' אסמכתא 161454-01-2021), המצורף בזאת על דרך ההפניה.

² ההלטה תאושר על ידי ועדת התגמול בהתאם ובכפוף לאישור מינויו של מר ללוז לדירקטוריון החברה.

³ ההלטה תאושר על ידי ועדת התגמול בהתאם ובכפוף לאישור מינויו של מר ללוז לדירקטוריון החברה.

1.10. דיון לגבי מדיניות הדיבידנד

לפרטים נוספים ביחס למדיניות הדיבידנד של החברה ראו סעיף 1.4.6 לפרק א' לדוח השנתי הישראלי לשנת 2020.

2. כינוס אסיפה שנתית ומיוחדת

2.1. מועד כינוס האסיפה

האסיפה הכללית של החברה תתכנס ביום 30 בדצמבר, 2021 בשעה 16:00 CEST באמצעות שיחת ועידה טלפונית. פרטי ההתקשרות יימסרו על ידי נציגי החברה לעניין דוח זה (כמפורט בסעיף 2.8 של דוח זה) וזאת כנגד הצגת אישור בעלות וייפוי כוח להשתתפות באסיפה (ככל הרלוונטי).

2.2. המועד הקובע, הזכאות להשתתף באסיפה ואופן ההצבעה

2.2.1. המועד הקובע לקביעת זכאות בעל מניה להשתתף ולהצביע באסיפה, כאמור בסעיף 182 לחוק החברות, סעיף 3 לתקנות הצבעה בכתב ולהוראות הרלוונטיות בדיון ההולנדי והינו 2 בדצמבר, 2021, בתום יום המסחר בבורסה לניירות ערך בתל-אביב בע"מ ("המועד הקובע"). כל בעל מניות של החברה במועד הקובע, בין אם המניות רשומות על שמו ובין אם הוא מחזיק בהן באמצעות חבר בורסה, רשאי להשתתף ולהצביע באסיפה בעצמו או באמצעות שלוח להצבעה.

2.2.2. בהתאם לתקנות החברות (הוכחת בעלות במניה לצורך הצבעה באסיפה הכללית), התש"ס-2000 ("תקנות הוכחת בעלות במניה"), בעל מניה של החברה, שלזכותו רשומה מניה של החברה אצל חבר בורסה ואותה מניה נכללת בין המניות של החברה הרשומות במרשם בעלי המניות של החברה על שם החברה לרישומים ("בעל מניות לא רשום"), יוכל להשתתף באסיפה, בעצמו או באמצעות שלוח להצבעה, רק אם ימציא לחברה, לפני מועד האסיפה, אישור מאת חבר הבורסה אשר אצלו רשומה זכותו למניה, בדבר בעלותו במניה במועד הקובע, בהתאם לטופס שבתוספת לתקנות הנ"ל ("אישור הבעלות"). בעל מניות לא רשום, זכאי לקבל את אישור הבעלות מחבר הבורסה שבאמצעותו הוא מחזיק במניותיו, בסניף של חבר הבורסה או בדואר אל מענו תמורת דמי משלוח בלבד, אם ביקש זאת. בקשה לעניין זה תינתן מראש לחשבון ניירות ערך מסוים.

2.2.3. בהתאם להוראות תקנה 4 לתקנות הוכחת בעלות במניה, מסר אלקטרוני מאושר לפי סעיף 5א44 לחוק ניירות ערך, שעניינו נתוני המשתמשים במערכת ההצבעה האלקטרונית - דינו כדין אישור בעלות לגבי כל בעל מניות הנכלל בו.

2.3. מנין חוקי לקיום האסיפה

האסיפה תתקיים בכל מספר משתתפים שהוא.

2.4. הרוב הנדרש לאישור הנושאים שעל סדר היום

2.4.1. הרוב הנדרש לקבלת ההחלטה המפורטת בסעיפים 1.8-1.2 לעיל הינו רוב קולות בעלי המניות הנוכחים באסיפה הכללית, הרשאים להצביע והצביעו בה, בעצמם או על ידי שלוחם, מבלי להביא בחשבון את קולות הנמנעים.

2.4.2. הרוב הנדרש לקבלת ההחלטה המפורטת בסעיף 1.9 לעיל, בהתאם לאמור בסעיף 239(ב) לחוק החברות, הינו רוב רגיל מכלל קולות בעלי המניות הנוכחים באסיפה הרשאים להצביע והצביעו בה, בעצמם או על ידי שלוחם, ובלבד שיתקיים אחד מאלה: (1) במניין קולות הרוב באסיפה הכללית יכללו רוב מכלל הקולות שאינם בעלי השליטה בחברה או בעלי עניין אישי באישור המינורי למעט עניין אישי שאינו כתוצאה מקשריו עם בעל השליטה, המשתתפים בהצבעה; במנין כלל הקולות של בעלי המניות האמורים לא יובאו בחשבון קולות הנמנעים; על מי שיש לו עניין אישי יחולו הוראות סעיף 276, בשינויים המחויבים; או (2) סך קולות המתנגדים מקרב בעלי המניות האמורים בפסקה (1) לא עלה על שיעור של שני אחוזים מכלל זכויות ההצבעה בחברה.

2.5. הצבעה באסיפה

בעל מניה בחברה, במועד הקובע, יהא זכאי להשתתף באסיפה ולהצביע בה בעצמו, באמצעות כתב הצבעה, באמצעות מערכת ההצבעה האלקטרונית, או על-ידי שלוח. המסמך הממנה שלוח להצבעה ("כתב המינורי") יערך בכתב ויחתם על ידי הממנה ואם הממנה הוא תאגיד, יערך כתב המינורי בכתב ויחתם בדרך המחייבת את התאגיד; הדירקטוריון רשאי לדרוש כי יימסר למשרד הרצוג פוקס נאמן ושות' – עורכי דין ברח' יצחק שדה 6, תל אביב, ישראל, לפני כינוס האסיפה, אישור בכתב, להנחת דעתו של הדירקטוריון, בדבר סמכותם של החותמים לחייב את התאגיד. כתב המינורי או העתק מתאים ממנו, להנחת דעתו של הדירקטוריון וכן ייפוי הכח שמכוחו נחתם כתב המינורי (אם ישנו), יופקדו במשרד הרשום או במקום אחר או אחרים, בישראל או מחוצה לה – כפי שיקבע על ידי הדירקטוריון מפעם לפעם, באופן כללי או ביחס למקרה מיוחד לפחות ארבעים ושמונה (48) שעות לפני תחילת האסיפה או האסיפה הנדחית, לפי העניין, שבה מתכוון השלוח להצביע על יסוד אותו כתב מינורי. על אף האמור לעיל, יושב ראש האסיפה רשאי, לפי שיקול דעתו, לקבל כתב מינורי כאמור, גם לאחר המועד האמור, אם מצא זאת לראוי, לפי שיקול דעתו. לא התקבל כתב מינורי כאמור לעיל, לא יהיה לו תוקף באותה אסיפה.

2.6. הצבעה באמצעות כתב הצבעה

בעל מניות רשאי להצביע באסיפה הכללית באמצעות כתב הצבעה. הצבעה בכתב תיעשה באמצעות חלקו השני של כתב ההצבעה, המצורף לזימון לאסיפה זה **כנספת ד'**.

ניתן לעיין בכתב ההצבעה ובהודעות העמדה כמשמעותן בסעיף 88 לחוק החברות, ככל שינתנו, באתר ההפצה של רשות ניירות ערך בכתובת: <http://www.magna.isa.gov.il> ("אתר ההפצה"), באתר האינטרנט של הבורסה לניירות ערך בתל-אביב בע"מ, בכתובת: <http://maya.tase.co.il> ("אתר הבורסה") כל בעל מניות רשאי לפנות ישירות לחברה ולקבל ממנה את נוסח כתב ההצבעה והודעות העמדה (ככל שתינתנה).

חבר הבורסה ישלח, עד חמישה (5) ימים לפני המועד הקובע, בלא תמורה, בדואר אלקטרוני, קישורית לנוסח כתב ההצבעה והודעות העמדה (ככל שתינתנה), באתר ההפצה, לכל בעל מניות של החברה שאיננו רשום במרשם בעלי המניות של החברה ואשר מניותיו רשומות אצל אותו חבר בורסה, אלא אם כן הודיע בעל המניות כי אינו מעוניין בכך, ובלבד שההודעה ניתנה לגבי חשבון ניירות ערך מסוים ובמועד קודם למועד הקובע.

בעל מניות לא רשום המעוניין להצביע באמצעות כתב הצבעה, יציין על גבי החלק השני של כתב ההצבעה את אופן הצבעתו, וימסור אותו לחברה או ישלח לה אותו בדואר רשום בצירוף אישור בעלות, כך שכתב ההצבעה יגיע למשרדה הרשום של החברה לא יאוחר מארבע (4) שעות לפני מועד כינוס האסיפה.

בעל מניות הרשום במרשם בעלי המניות של החברה והמעוניין להצביע באמצעות כתב הצבעה, יציין על גבי החלק השני של כתב ההצבעה את אופן הצבעתו, וימסור אותו לחברה או ישלח לה אותו בדואר רשום, בצירוף צילום תעודת הזהות שלו או צילום דרכונו או צילום תעודת ההתאגדות, כך שכתב ההצבעה יגיע למשרדה הרשום של החברה עד שש (6) שעות לפני מועד כינוס האסיפה.

המועד האחרון להמצאת הודעות עמדה לחברה⁴ על-ידי בעלי המניות של החברה הינו עד עשרה (10) ימים לפני מועד האסיפה, היינו עד ליום 20 בדצמבר, 2021.

2.7 הצבעה באמצעות מערכת ההצבעה האלקטרונית

בעל מניות לא רשום זכאי להצביע ביחס לכל הנושאים שעל סדר היום לעיל גם באמצעות כתב הצבעה שיועבר לחברה במערכת ההצבעה האלקטרונית, כהגדרתה בתקנות הצבעה ("מערכת ההצבעה האלקטרונית"). ההצבעה באמצעות כתב הצבעה אלקטרוני תתאפשר החל ממועד קבלת אישור מאת מערכת ההצבעה האלקטרונית על קבלה תקינה של רשימת הזכאים להצביע במערכת ההצבעה האלקטרונית ועד שש (6) שעות לפני מועד כינוס האסיפה הכללית ("מועד נעילת המערכת"), אז תיסגר מערכת ההצבעה האלקטרונית.

ההצבעה במערכת ההצבעה האלקטרונית תהיה ניתנת לשינוי או ביטול עד מועד נעילת המערכת ולא יהיה ניתן לשנותה באמצעות מערכת ההצבעה האלקטרונית לאחר מועד זה. יצוין כי בהתאם לסעיף 83(ד) לחוק החברות, במידה ובעל מניות הצביע ביותר מדרך אחת, תימנה הצבעתו המאוחרת, כאשר לעניין זה הצבעה של בעל מניות בעצמו או באמצעות שלוח תיחשב מאוחרת להצבעה באמצעות מערכת ההצבעה האלקטרונית.

בעל מניות שאינו רשום יהיה רשאי לשלוח לחברה אישור בעלות באמצעות מערכת ההצבעה האלקטרונית עד מועד נעילת המערכת כאמור לעיל, מסר אלקטרוני מאושר לפי סעיף 44א5 לחוק ניירות ערך, שעניינו נתוני המשתמשים במערכת ההצבעה האלקטרונית - דינו כדין אישור בעלות במניה לגבי כל בעל מניות הנכלל בו.

2.8 פרטים על נציגות החברה לעניין הטיפול בדוח המייד

נציגי החברה לטיפול בדוח מייד זה הינו עו"ד ניר דאש ועו"ד קרן נכטיגל ממשרד הרצוג פוקס נאמן ושות' – עורכי דין, רחוב יצחק שדה 6, תל אביב. טל: 03-6922020, פקס: 03-6966464.

⁴ למשרדי הרצוג פוקס נאמן ושות' – עורכי דין.

2.9. המקום והזמנים שבהם ניתן לעיין בדוח

ניתן לעיין בדוח מיידי זה ובמסמכים הנזכרים בו, במשרד הרצוג פוקס נאמן ושות' – עורכי דין, שכתובתו רחוב יצחק שדה 6, תל אביב, על-פי תיאום מראש בטלפון 03-6922020, בימים א' עד ה', בשעות העבודה המקובלות, וזאת עד למועד כינוס האסיפה. כמו כן, ניתן לעיין בדוח זה, בכתב ההצבעה ובהודעות העמדה כמשמעותן בסעיף 88 לחוק החברות, ככל שתינתנה באתר ההפצה ובאתר הבורסה.

בכבוד רב,

בראק קפיטל פרופרטיז אן.וי.

נחתם ע"י

מר Machiel Hoek, Executive Director, בשם דירקטוריון החברה

ומר גארי וילדבאום, חשב

נספח א' – העתק של הדוח הכספי הסטטוטורי ההולנדי

BRACK CAPITAL PROPERTIES NV

CONSOLIDATED AND COMPANY-ONLY FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2020

IN THOUSANDS OF EUROS

Company address:

Brack Capital Properties NV
Herengracht 456
1017 CA Amsterdam
The Netherlands

Chamber of Commerce No. 34250659

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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 twelve months ending on December 31, 2020 (hereinafter: "the Reported Period" or "the Report Period).

These financial statements have been prepared for statutory purposes in the Netherlands. The company has issued shares (ISIN NL0009690619) and debentures (IL0011283475 and IL0011330409) which are traded on the Tel Aviv Stock Exchange in Israel.

These financial statements do not constitute an offer to subscribe for, buy or sell the securities mentioned herein. It cannot be used or relied on for purposes of making any investment decision with respect to any securities.

For more current information regarding Brack Capital Properties NV, please consult the press releases, annual reports, regulatory filings, presentations and other documents available at www.tase.co.il and www.bcp-nv.com.

The financial statements attached in this report are presented according to International Standards – the IFRS and as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

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 December 31, 2020.

"Report signing date" or "the date of signing the report" refers to August 20, 2021.

"The reporting period" refers to the year of 2020.

Preamble

Below are the Company's principal results for the twelve months ending December 31, 2020.

1. **Profitability** - In 2020, the Company's net income attributed to the Company's shareholders amounted to approximately EUR 92.7 million compared to income of EUR 18.3 million in 2019. It should be indicated that the increase in profit during the year mainly derives from appreciation of the Company's residential income producing assets. For further details regarding the Company's valuations including in connection with a change in the appraiser's identity and the underlying assumptions of the valuation model see section 1.6.5 of Chapter A to this report.

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 2020, the FFO amounted to EUR 25.3 million compared to EUR 32.7 million in 2019. In addition, in 2020, the Company's NOI amounted to EUR 50.1 million compared to EUR 61.5 million in 2019 and the EBITDA of the Company for 2020 amounted to EUR 36.9 million compared to EUR 45.5 million in 2019. It should be indicated that the sharp decline in the FFO, NOI and EBITDA levels during 2020 compared to 2019 is entirely due to the sale of assets from the Company's commercial real estate portfolio, in line with the Company's refocusing strategy for income-producing real estate and residential real estate development activities, which contributed among others to the sharp decline in the leverage scope of the Company.

-Residential development activity - in 2020, the contribution of the Grafental project amounted to a profit of EUR 14.4 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 100% and a cumulative sale of all 89 residential units in Stage G at a weighted performance rate of 100% and a cumulative sale of all 96 residential units in Stage H at a weighted performance rate of 85.6%.

2. Operating segments – key operational data¹

2.1 Residential development segment - Grafental project²

Stage	Number of flats	revenues (EUR in millions)	income (EUR in millions)	Developer's profit ³ (in percentage)	Sales (in percentage)	Revenue recognition % as of the report date
E	89	49.6	11.5	30%	100%	100%
G	89	53.7	9.9	22%	100%	100%
H	96	58.0	8.6	17%	100%	95.3%
Total	274	161.3	29.9	23%	100%	98.7%

2.2 Income-producing real estate⁴

Zoning	Area ('000 square meters)	NRI Return ⁵	ERV Return ⁶	Actual NOI return ⁷	NOI return according to ERV ⁸	Occupancy rate
Residential	712	4.7%	5.4%	4.1%	4.9%	96.1%
Commercial	75	7.3%	8.5%	3.6%	4.8%	84.3%
Total	787	4.9%	5.7%	4.1%	4.9%	95%

* Excluding an asset in associate with an area of 7,000 sqm. Excluding an asset with an area of 6.9 thousand sq.m that is not rented for renovation purposes.

-Residential real estate: In the fourth quarter of 2020, the organic rent growth in the residential income producing segment amounted to 2.1% compared to the corresponding quarter of 2019. As of the date of signing the report the average rent is 6.74 EUR per Sqm. The ERV in new rentals in the residential market is 13% 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 804.7 million and the NAV⁹ amounted to EUR 915.4 million, as of the report date.

3.2 Debt ratios: The LTV ratio¹⁰ is 32.50% as of the report date. The EBITDA ratio to interest expenses (only from the income producing portfolio, excluding operating income from development activity) was 4.32 in the fourth quarter of 2020.

3.3 Liquidity: Cash balances (consolidated) amounted to approximately EUR 34.8 million as of the report date.

3.4 Financing: The Company (consolidated) has bank loans with a total balance of EUR 427.7 million, at an average annual interest of 1.54% and duration of 4.45 years. The Company has bonds at a total balance of EUR 71.8 million at an average annual interest of 3.29% and duration of 3.36 years. For additional details regarding the Company's bonds see Part B, "Specific Disclosure for Bond Holders. For details

¹ As of the report date.

² Data according to 100%, the Company's share in the project is 84.98%.

³ Total expected revenues from the sale of flats, minus total development cost of flats, including land cost.

⁴ Assets consolidated in the Company's financial statements, including assets for which binding sale agreements were signed;

⁵ Data from January 2021 on an annual basis, divided by the carrying value.

⁶ ERV (Estimated Rental Value) the expected annual yield assuming all assets are rented at current occupancy in return for the rental customary in the market

⁷ Data from January 2021 on an annual basis, divided by the carrying value.

⁸ Actual NOI plus the difference between actual rental fees and the ERV, divided by the carrying values.

⁹ EPRA NAV – for details regarding the index and the calculation manner see section 9.4 of this report.

¹⁰ Net debt to total real estate assets

regarding the loan from the controlling shareholder, which was granted in 2019 and fully repaid in 2020 see Note 12 of the Company's financial statements for 2020 attached in Chapter C to this report. For details regarding early repayment initiated by the Company of bonds (Series A) in the reported period, see section 11d of the Company's financial statements for 2020 attached in Chapter C to this report.

4 Concise description of the Corporation and its business environment

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

Further to that what is stated in the Company's periodic report for 2020 and the Company's previous reports¹¹, in connection with the Company's strategy refocus in the income producing real estate sector and the residential development sector, agreement and completion of transactions for selling part of its businesses, the Company is continuing to carry out activities for selling additional assets from its commercial real estate portfolio.

For additional details regarding such activities and the Company's strategy, see section 1.1.3.1 of Chapter A of this report.

It should also be noted that, although the Company is not obligated by law, the Company is in final stages of adopting activity demarcation arrangement with its controlling shareholder, ADLER Real Estate AG under which first refusal right is expected to be conferred upon the Company with respect to business opportunities relevant to the Company in its main areas and regions of activity. As of the date of this report, such arrangement was not yet adopted and the Company will update on such agreement and on obtaining the approvals of the Company's competent organs for such activity demarcation arrangement.

For details regarding the spread of the Corona virus and its impact on the Company's operations in the reported period, see section 1.5.6 of Chapter A of this report.

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

4.1 Residential income-producing real-estate - As of the report signing date, the Group owns 12,069 apartments with a total leasing area of approximately 712,000 m². For details regarding the spread of the Corona virus and its impact on the Company's operations in this sector, see section 1.5.6 of Chapter A to this report.

4.2 Commercial income-producing real-estate - As of the report signing date, the Group owns 9 commercial income-producing properties in the commercial segment (commercial and offices) with an overall leasing area of approximately 75,000 m², including assets for which the Company has entered into a binding sale contract (excluding an asset of associate with an area of 7,000 square meters and excluding an asset with an area of 9.6 thousand sq.m that was evacuated for renovation purposes). For details regarding the spread of the Corona virus and its impact on the Company's operations in this sector, see section 1.5.6 of Chapter A of this report.

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

Residential Real Estate Under Development - For details regarding the marketing, sales, handovers and performance of Stage E (89 units), Stage F (112 units), stage G (89 units) in the Grafental project and Stage H (96 units) in Dusseldorf, as well as for additional details regarding the Company's additional projects in this sector, see section 1.8 of Chapter A of this report. It should be clarified that during the second quarter of 2020, the construction and delivery¹² of stages E-G (inclusive) was fully completed.

¹¹ In the specifications of the special tender offer published by ADLER, the controlling shareholder of the Company, dated February 19, 2018, as it has amended on March 20, 2018 (Reference No. 2018-09-016558 and 2018-09-026776, respectively); For the Company's immediate reports dated March 23, 2019, June 2, and June 30, 2018, and of the Company's reports dated September 23, 2019, December 29, 2019, and March 31, 2020 (Reference No. 2019-01-098212, 2019-01-114996 and 2020-01-033495, respectively).

¹² it is clarified that with respect to stage F "delivery" means delivery of apartments for rental.

For further details regarding the marketing and performance status of the project's stages under construction, see section 1.8 of Chapter A of this report.

For details regarding the Corona virus and its impact on the Company's operations in this sector see section 1.5.6 of Chapter A of this report.

5 For details regarding projected revenues, costs and developer's profits for the stages in progress and stages under the approved urban planning scheme, the performance of which has not yet commenced in the Grafental residential project and the residential project in Aachen see section 1.8 of Chapter A of this report.

6 **Land in Dusseldorf for development** - The Company owns three 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, see Chapter A of this report.

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

7. Financial Position:

Assets	December 31, 2020	December 31, 2019	change the for Explanation
	thousands in EUR		
assets Current			
Cash and cash equivalents	34,814	44,409	See details in the statement of cash flow as part of the Company's financial statements, attached to this report.
Restricted deposits, financial assets, and other receivables	15,959	68,356	Decrease derives from release of deposits during the period
Income receivable from the sale of apartments	3,405	7,464	Decrease derives from payment of apartment purchasers for sale of apartments in stage H.
Tenants and trade receivables, net	1,399	505	
Inventory of buildings under construction	2,477	29,311	Decrease derives from sale of apartments in stages E, G and H.
Total current assets	58,054	150,045	
Assets of disposal groups held for sale	27,821	199,426	the in transfer control from derives Decrease of Chapter 1.1.3.2 section see) subsidiary sub and from the sale commercial assets (see A) Chapter of 1.1.3.1section
assets: Non-current			
Investments and loans measured at equity	22,949	7,699	Increase derives from control transfer in the sub subsidiary (see section 1.1.3.2 of Chapter A).
Investments in financial assets measured at fair value through profit or loss	42,588	42,149	
Inventory of real estate	52,550	71,768	Decrease derives from classification of inventory to investment property due to commencement of rentals in Stage F.
– property Investment rights estate real	60,900	62,218	

Investment property – income-producing assets	1,225,446	1,123,350	of classification from Increase derives to due property investment to inventory and from F Stage in rentals of commencement appreciation of residential real estate assets.
Restricted deposits for investments in assets	6,612	6,168	
accounts Other fixed receivable, other and assets financial	259	328	
taxes Deferred	187	33	
non-current Total assets	<u>1,411,491</u>	<u>1,313,713</u>	
Total assets	<u>1,497,366</u>	<u>1,663,184</u>	

	December 31, 2020	December 31, 2019	change the for Explanation
	thousands in EUR		
Current liabilities			
Current maturities of loans from banking corporations	130,739	57,275	The increase is due to classification of a short-term loan due to a repayment date in the this that coming year. It should be indicated loan was refinanced for a period of about 2.5 years during January 2021.
Current maturities of debentures	10,013	25,780	Decrease derives from early and full redemption of the Company's bonds (Series A) Chapter A). of 1.12.2.(See section
Loans for financing inventory of buildings under construction	-	5,747	bank of repayment from derives Decrease Stage of construction the financed which loans H
and payable Accounts financial other liabilities	20,972	23,963	
from Advances purchasers apartment	33	1,143	the of timing the from derives Decrease revenue to compared payments tenants' H. Stage of sale the from recognition
Total current liabilities	161,757	113,908	
Liabilities of disposal groups held for sale	3,961	148,211	Decrease derives from control transfer in the of Chapter 1.1.3.2 sub partnership (see section A).
Non-current liabilities:			
Loans from banks	296,285	415,904	Decrease derives from repayment of the Company's loans as part of the Company's strategy of leverage reduction and from classification of short term loans.
Loans from the controlling shareholder	-	44,762	Loan received from the controlling shareholder and repaid in full during the first quarter of 2020. For further details, see Note 12 of the consolidated financial statements of the Company.
Debentures	62,967	74,639	Decrease derives from current principal payments of bonds.
Leasing liabilities	2,990	3,010	
financial Other liabilities	254	404	
taxes Deferred	123,722	108,909	Increase derives mainly from revaluation of investment property for which the Company makes tax provision.
noncurrent Total liabilities	486,218	647,628	
liabilities Total	651,936	909,747	
Equity			
to attributable Equity the of holders equity company	804,729	712,034	
Non-controlling interests	40,701	41,403	
equity Total	845,430	753,437	
and liabilities Total equity	1,497,366	1,663,184	

8. Activity Results:

	31 December ending Year			Explanation for the change
	2020	2019	2018	
	thousands in EUR			
of rental from Revenues properties	61,888	73,771	79,168	The decrease in the scope of revenues, cost of revenues and gross profit is due to the sale of assets during the years 2019-2020, as part of refocusing the Company's strategy as specified section 4 above. in
property from Revenues others and management	24,678	25,904	26,980	
Property management expenses	(24,855)	(25,899)	(27,870)	
of maintenance of Cost properties rental	(11,606)	(12,296)	(12,717)	
management and Rental net revenues,	50,105	61,480	65,561	
Revenues from sale of apartments	72,548	70,029	62,753	
apartments of sale of Cost	(58,172)	(56,999)	(47,771)	
from the sale of Income apartments	14,376	13,030	14,982	
Other income	500	-	-	
Equity in earnings (losses) of companies accounted at equity	262	(107)	(723)	
Gain from realization of investment in a company accounted at equity	2,011	-	-	
administrative and General expenses	(13,325)	(16,138)	(12,520)	
General and administrative expenses attributed to inventory of buildings under construction and inventory of real estate	(1,772)	(1,986)	(2,329)	
marketing and selling expenses	(68)	(375)	(365)	
the value of in Increase investment property, net	83,221	13,338	95,499	The profit derives mainly from revaluation of residential income generating real estate.
profit Operating	135,310	69,242	160,105	
Financing expenses excluding the effect of exchange rate differences, CPI, and hedging transactions, net	(15,037)	(19,090)	(19,646)	the Decrease derives from decline in Company's leverage level
Effect of exchange rate differences, CPI, and currency hedging transactions, net	3,728	(8,976)	6,509	mainly is year the during profit The (the) differences rate exchange to due and Euro) the against depreciates NIS (the) transactions hedging currency Euro). the against depreciates dollar
Change in fair value of financial instruments, loans and others (including early repayment costs of loans)	1,286	(11,291)	1,580	
Income before taxes on income	128,587	29,885	148,548	

Taxes on income	(27,594)	(12,258)	(29,505)	Increase in tax expenses derives from deferred taxes created from increase in fair value of investment property
Net comprehensive for the period income	97,693	17,627	119,043	
comprehensive and Net income (loss) attributed to:				
shareholders Company	92,695	18,318	100,919	
Non-controlling interests	4,998	(691)	18,124	

9. Financing sources, liquidity and Cash flows:

	Year ending December 31			Explanation for the change
	2020	2019	2018	
	EUR in thousands			
Cash flows provided by (used in) operating activities	51,826	37,508	(68,059)	See statement of cash flows
Cash flows provided by (used in) investing activities	94,377	89,948	(56,394)	See statement of cash flows
Cash flows provided by financing activities (Cash flows used in financing activities)	(155,798)	(110,185)	38,462	See statement of cash flows

9.1 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 and solo financial statements as reviewed by the Company's management, the considerable decline in the Company's leverage level in the last year and taking into account the fact that if the Company had a cash flow need, the Company could have withdrawn management fees or dividends from its subsidiaries as well as the Company's right to withdraw credit from the credit line ADLER provided until May 2021, the Board of Directors has determined that the fact that the Company's solo statements indicate ongoing negative cash flow from operating activities the fact that the consolidated and solo financial statements show working capital deficiency¹³ does not indicate a liquidity problem therefore 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 (among others, as specified in section 9.2 below, taking into account the possible effects of the spread of the Corona virus in this regard) 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, the right to receive proceeds from uncompleted transactions for selling assets, the option of selling assets (including as part of the Company's actions to sell a certain portion of the Company's assets and businesses within the refocusing of the Company's strategy in accordance with section 4 above, collateral release and more.

In addition, the Company holds shares of a publicly-traded company incorporated in Germany, which in the reported period and after the date its shares were purchased by the Company, the control was purchased by indirect controlling shareholder

¹³ working capital deficiency in the Company's consolidated financial statements derives from a loan that is due in the coming year and the Company completed the refinancing of this loan after the balance sheet date. For further details, see Note 25(1) of the Company's consolidated financial statements. It should be indicated that if the refinancing of this loan was carried out before the balance sheet date, the Company would not have working capital deficiency in its consolidated financial statements.

of the Company and its 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 such shares on the report date was EUR 36.1 million and the Company estimates that such shares can be sold or otherwise utilized as the Company may be required and subject to approvals that may be required under the law.

In addition, the Company's Board of Directors considered the economic consequences of the spread of the corona pandemic (Covid-19) on the Company's operations, inter alia, in accordance with the various scenarios presented to the Company's Board of Directors regarding its ability to meet its obligations in various scenarios as well and the estimated effects on the Company's operations if said crisis continues. For further details regarding the Company's estimates and the impact of the Corona Crisis on the Company's operations, see Section 1.5.6 of Chapter A of this report.

After considering all of the above matters, the Company's Board of Directors has determined that, while taking into account the various financing options outlined above and the refocusing actions of the Company's businesses and agreements as specified in section 4, and in view of the projected cash flows from the Company's commitments in asset sale agreements as described in section 1.1.3 of Chapter A to this report, 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 materialize, in whole or in part, or materialize other than anticipated, are numerous and include, among others, changes in the relevant markets, declines in capital markets due to the Corona crisis deterioration or continuation of the economic crisis following the outbreak of the virus and the materialization of any of the risk factors stated in this report and the annual report of the Company.

9.2 Access to financing sources:

9.2.1 As of the report date, the Company finances its current operations mainly from cash flows received from the Company's subsidiaries from their current activities, and from bank financing and debentures raised by the Company. In addition, until May 2021, 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 1.12.2c of Chapter A to this report 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**"). In 2019, the Company has withdrawn EUR 44.2 million from the qualifying credit facility and in 2020 paid the entire amount as early repayment, so that as of the report publication date, the Company's unutilized balance of the qualifying credit facility is EUR 55.8 million.

9.2.2 For details regarding the transactions for selling part of its income-producing and development real estate assets, see section 1.1.3.1 of Chapter A to this report.

9.2.3 For further details regarding the refinancing of the Company's loans, see section 1.12 of Chapter A to this report.

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

9.2.5 For details regarding the agreement for selling seventy-five percent of the land in Gerresheim see section 1.1.3.2 of Chapter A to this report.

It should be noted that following the corona crisis, the Company examined several scenarios and performed Stress Testing in order to assess the Company's ability to cope with the economic consequences of the corona crisis. In the Company's opinion, the Corona crisis will not impair its ability to meet its obligations, among other things, in view of focusing the Company's activity in the field of residential real estate development and transactions in which the Company recently entered into contracts.

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, the Company's high debt rating and the decrease in the Company's leverage level while taking into account the possible implications of the continued spread of the Corona virus on the availability of credit sources in Israel and throughout the world.

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

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

9.3 FFO (Funds from Operations):

The FFO index is calculated as the net profit (loss) attributed to the Company's shareholders from the income generating activity, only excluding the income from the sale of apartments in the Grafental project (for further details on this project, see section 1.3 of Chapter A to this report for 2019), with certain adjustments for non-operating items, affected by the revaluation of the fair value of assets and liabilities. The main adjustments include the fair value of investment properties, miscellaneous capital profits and losses, miscellaneous amortizations, adjustment of management and marketing expenses in connection with the establishment of the residential project in Grafental as the revenues in respects to this project are not taken into account in the FFO), changes in fair value recognized for financial instruments, deferred taxes, and non-controlling interests for the above items.

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

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 December 31, 2020	Three months ending December 31, 2019	Year ending December 31, 2020	Year ending December 31, 2019
Net profit attributed to the Company's shareholders	16,102	18,378	92,695	18,318
Adjustments for net profit				
a. Adjustments for revaluations				
Increase in value of investment property and adjustments of liability value relating to investment property	(14,617)	(11,708)	(82,153)	(16,388)
Equity in losses (earnings) of companies accounted at equity	-	-	(262)	-
Revaluation of loans and interest swap transactions at fair value	(1,310)	(3,186)	(1,117)	8,914
b. Adjustments for non-cash items				
Revaluation of loans, indexing, and non-cash exchange rate differences and hedging transactions	1,647	(504)	(1,032)	10,667
Interest component in hedging transactions	-	829	-	1,451
Deferred tax expenses and taxes for prior years	4,594	6,771	27,751	10,927
c. one-off items / new activities / ceased activities / other				
Professional services, one-off adjustments and others	114	1,755	548	5,271
Adjustments related to associates and non-controlling interests	-	(493)	-	378
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	270	840	1,072	4,211
Adjustments for sale of apartments	(718)	(4,930)	(12,217)	(11,073)
	(10,020)	(10,626)	(67,410)	14,358

Total of adjustments to net profit				
F.F.O	6,082	7,752	25,285	32,676

As mentioned above, in the three months ended December 31, 2020, the FFO totalled EUR 6.1 million.

It is worth noting that the sharp decline in the FFO level during the year is entirely due to the sale of assets from the Company's commercial real estate portfolio in accordance with refocusing the Company's strategy to the residential development and income producing sector which contributed among others to the considerable decline in the Company's leverage.

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 including the state of the commercial real estate market and the residential real estate market in Germany.

9.4 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 that were sold in the Grafental project (stage H).

The Company believes that the EPRA NAV 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:

	December 31, 2020	December 31, 2019
Equity attributed to the Company's shareholders	804.7	712.0
Plus deferred taxes for EPRA adjustments (net of non-controlling interests)	109.9	89.7
Net of the fair value of derivative financial instruments, net	0.6	0.1
Plus profits that were not yet recognized in regards to apartments that were sold and are under construction	0.2	6.7
EPRA NAV –Net Asset Value	915.4	808.5

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

For details regarding additional material events and changes in the reporting period and thereafter see Chapter A to this periodic report and particularly section 1.1.3.1 of Chapter A to this report and Note 25 to the Company's financial statements attached as Chapter C to this report.

11 General

The applicable law as a Dutch company

The Company is a Dutch company and the provisions of the Companies Law, 5759-1999 (hereinafter and hereinafter: "**the Companies Law**") do not apply thereto, with the exception of such sections of the Companies Law which apply to a foreign company offering shares to the public in Israel, by virtue of Section 39A of the Securities Law, 5728-1968 (hereinafter: "**the Securities Law**").

On February 17, 2016, the Securities Order came into force (replacing the fourth addendum of the law) - 2016 whereby the fourth amendment to the Securities Law has been replaced with the new fourth addendum which is twofold: Part A, which applies the provisions of corporate law which will apply to companies incorporated outside Israel (below and only in this sub section "foreign companies which shares are offered to the public in Israel - **including applying the provisions of sections 311-301 of the Companies Law regarding a permitted distribution, dividends, acquisition and prohibited distribution** (hereinafter "part A of the fourth addendum) and Part B which applies the provisions of corporate law on foreign companies offering liability certificates to the public. It is clarified that the fourth addendum will not apply to foreign companies offering shares or liability certificates to the public **prior to the legislative amendment** (like the Company). Nevertheless, the amendment will apply to every foreign company (including the Company) that will carry out an IPO of securities from the amendment date (February 17, 2016 onwards) including foreign companies (including the Company) which carry out a reissuance. **Accordingly, since the Company performed reissuance of bonds (Series C) on April 4, 2016 starting from that date, the amendment applies to the Company.**

Further to the aforesaid and according to the directive of the Securities Authority (ISA) for foreign companies, which section 39a is applicable to them, to update the incorporation documents such that they reflect the provisions of the fourth addendum, and according to the Company's obligation toward ISA the Company acted so as to formally prescribe the provisions of the Companies Law in the Company's articles to reflect the fourth addendum.

The special general meeting of the Company's shareholders approved on July 3, 2017 (following the approval of the Company's Board of Directors on May 18, 2017) that since the Company's shares were first offered to the public in Israel and listed for trading on the Tel Aviv Stock Exchange Ltd., under Israeli law, the provisions of section 39a of the Securities Law apply to the Company, and therefore, some of the provisions of the Israeli Companies Law apply to the Company, in addition to the Company's articles of association and Dutch law. In addition, the shareholders approved the revised articles accordingly. It is further indicated since the sections of the derivative claim and answer (sections 194 – 205a of the companies law) and the sections of imposing monetary sanction (sections 363a(a) and (b)(2) to (12), 363b and 363c of the companies law) cannot be prescribed explicitly in the Company's articles since they are not in line with the absolute law applicable to the Company in Holland, the Company included in the revised articles as approved by the meeting of the Company's shareholders on July 3, 2017 provisions that relate to jurisdiction and application of law including the derivative claim and answer and imposing administrative enforcement measures by ISA. It should also be noted that on August 16, 2018, the Company's shareholders meeting approved an additional amendment to the Company's articles of association, which is a clearer distinction between "Executive Director" and "Non-Executive Director" (reference no.: 2017-01-069852 and - 2018-01-076657, respectively).

In addition to the aforesaid, on January 29, 2017, the deeds of trust were amended between the Company, on one hand and Reznik Paz Nevo Trusts Ltd. on the other hand as the trustee for the bondholders (Series A – C) such that the deeds of trust contained the obligations of the Company/officers in connection with imposing monetary sanctions and/or administrative enforcement measures on the Company and/or its officers¹⁴ as well as the obligations of the Company and its officers not to raise any allegations against the right of the bondholders to file a derivative claim (**the obligations of the Company and officers**).

Statement regarding the Dutch Corporate Governance Code

The Company has adopted both the directives of the Dutch and Israeli corporate governance regimes, in order to cultivate trust and confidence in honesty and transparency in connection with the way businesses are conducted by public companies. Given the fact that such regimes are based on the same principles they are similar in many ways. However, there are some

¹⁴ Not to raise allegations against the powers of ISA and/or the administrative enforcement committee in Israel (the committee) in connection with monetary sanctions and/or administrative enforcement measures that will be imposed on the Company and/or its officers (as the case maybe) by ISA and/or the committee pursuant to Chapter H3 and/or Chapter H4 of the securities law and uphold the resolutions of ISA and/or committee including, without derogating from the generality of the foregoing, pay the monetary sanctions and/or payments to injured parties from the violation to be imposed on the Company and/or its officers (as the case may be and if imposed at all) and to take actions to cure the violation and prevent its recurrence.

differences between the rules of the Dutch corporate Governance and Israel. The Company supports the principles and accepted practice (Best Practice) of the Dutch Corporate Governance Code or the Dutch Code. In contrast to Israeli rules that apply to Israeli companies, the Dutch code is based on the principle of "obedience or explanation". Therefore, any deviation from best practice is permissible provided that there is an explanation for that. Any deviation from the directive or practice of the Dutch Corporate Governance Code can be explained by the application of the provisions of the Israeli Corporate Governance.

Composition of the company's board of directors and dialogue with minority shareholders

A dialogue takes place between the Company and certain minority shareholders in the Company, where various allegations have been raised against the Company. In general, from the beginning of 2020, said shareholders acted collectively and voted against all material decisions brought by the Company for approval of its shareholders' meeting.

On November 23, 2020, Mr. Meir Jacobson's term as an external director of the Company has ended and the general meeting convened by the Company did not approve the renewal of his term as an external director of the Company. The Company has entered into agreement with a reputable independent consulting firm in the Netherlands to assist in locating candidates for the position of external director in the Company. The search process is led by the Company's audit committee. The Company intends to have a dialogue with the relevant bodies in order to bring in a suitable candidate or candidates for the position of external director of the Company in the near future.

In addition to the above, as of the beginning of 2021, Mr. Friedrich Munsberg, external director of the Company, serves as a chairman of the Supervisory Board of the Company which entered into a transaction which, if completed, will result in the largest shareholder therein becoming Aggregate Holdings SA, which to the best of the Company's knowledge, is the largest shareholder in ADLER Group SA which is the largest shareholder in ADLER, the controlling shareholder in the Company. The Company is examining the implications and completion of the transaction on Mr. Munsberg's classification as an external director and will act accordingly.

12 Exposure to market risks and management methods

to due assets its of volume total the of 4.86% is exposure currency Company's the as of the report date, - Currency rate effect issued to the public in Israel denominated C) that were and B A, Series) debentures the of respect in liability Company's the in NIS. In addition, the Company is not exposed to material changes in currency exchange rates as most of its activities, assets liabilities, in The Company periodically examines the possibility and hedges its NIS .and liabilities are denominated in EUR NIS./EUR rate of exchange whole or in part, against future changes in the

12.1 Fair value of the Company's main financial instruments

As of the report date most of the financial instruments are presented at their fair value

12.2 Sensitivity tests

Below are sensitivity tests to change in fair value of the Company's main financial instruments due to change in interest (EUR in thousands):

Base interest is 3 months Euribor

December 31, 2020

	<u>10%</u>	<u>5%</u>	<u>Fair Value</u>	<u>-10%</u>	<u>-5%</u>
Bonds *)	406	387	(111,429)	(387)	(406)
Fixed-interest loans	1,952	976	(393,773)	(976)	(1,952)
Interest rate swap transactions which are not recognized as accounting hedging	42	21	(597)	(21)	(42)
Total	2,400	1,384	(505,799)	(1,384)	(2,400)

*) The fair value of the bonds is presented at its quoted value in the Tel Aviv stock exchange Ltd. The sensitivity tests are performed based on the interest basis deriving from this value.

Below are sensitivity tests for changes in the fair value of the Group's primary financial instruments, due to changes in the EUR-NIS exchange rate (in EUR thousands):

December 31, 2020:

	<u>10%</u>	<u>5%</u>	<u>Fair Value</u>	<u>-10%</u>	<u>-5%</u>
Bonds (net of cash held in NIS)	7,221	3,611	(73,101)	(3,611)	(7,221)

Below are sensitivity tests for changes in the fair value of the Group's primary financial instruments, linked to the consumers' price index, due to changes in consumers' price index

December 31, 2020:

	<u>4%</u>	<u>3%</u>	<u>Fair Value</u>	<u>3%-</u>	<u>4%-</u>
Bonds	(2,955)	(2,216)	(73,869)	354	354

The fair value of the investment properties is also affected by changes in the interest rate in the market. A permanent increase/decrease (increase/decrease forecast by the market as one which is not temporary, but rather characterizes a medium/long-term trend) in market interest rates will lead to changes in the requested yields on real-estate properties (although there is no full correlation between the change in market interest levels and the change in yield on properties), and to a decrease/increase in their fair value, respectively. However, since only a change in market interest levels forecast as being permanent will lead to a change in the fair value of the Company's properties, the transmission between the change of interest in the market and the change in the fair value of the Company's properties is "slow", and occurs over time (usually, a period of between 6 and 9 months is necessary before real-estate prices in the market react to changes in market interest rates). Therefore, the effect of the increase in market interest rates, which generally leads, after a certain period of time, to a decrease in the fair value of the Company's properties, will be offset by the decrease in the fair value of the Company's financial liabilities, and vice-versa.

12.3 Linkage basis report

Apart from the payments due to the bonds issued by the Company to the public in Israel that are denominated in NIS, the Company's entire activity as of the report date is performed in EUR, and therefore the Company's assets and liabilities are affected mainly by the EUR currency. The payments of principal and interest due to the bonds issued by the Company will be paid in NIS and linked to the consumers' price index. As at the Report Period, the Company has no material exposure to other currencies except for NIS.

13 Directors with accounting and financial expertise and independent directors

For details regarding the qualifications, education and experience of Friedrich Munsberg (external director), Patrick Burke, Hoek and Noa Shacham as directors possessing accounting and financial expertise in the Jeroen Dorenbos, Machiel Company, see regulation 26 in chapter D to this periodic report.

14 Independent directors

As of the date of the report, the Company has not adopted in its articles a provision regarding the number of independent directors.

For details regarding the skills, education and experience of Daniel Moser, Jeroen Dorenbos, and Noa Shacham, who were classified by the Company as independent directors, see Regulation 26 of Chapter D of this report.

15 Details regarding the Corporation's internal auditor

Name of auditor	Irena Ben Yakar, CPA
Term commencement date	May 25, 2011
Meeting the internal audit conditions	The Internal Auditor meets the conditions prescribed in Sections 146 of the Companies Law and sections 3A and

	8 of the Internal Audit Law (5752-1992)(the Internal Audit Law)
Designation of activities	The Internal Auditor does not hold any other position in the company other than serving as an internal auditor. The internal auditor does not hold any other position out of the company that results or may result in conflict of interests with her position as an Internal Auditor of the company._
Personal interest	The internal auditor is not an interested party in the company does not hold a position in the company and is not related to any of the above and does not serve as an auditor or anyone on his behalf and does not provide external services to the company, except for internal auditing services.
Holding the company's securities	The internal auditor, as per its notice, does not hold the Company's securities nor it holds securities of an entity related to the Company as defined by this term in the fourth addendum to securities regulations (periodic and immediate reports) – 1970 (the reports' regulations)
Business/material relations with the company	The Internal Auditor does not have any material business relations with the company or other material relations with the company nor does it have such relations with an entity related to the Company as defined by this term in the fourth addendum to reports regulations
The Corporation's employee or external service provider to the Company	The internal auditor is not an employee of the Group or external service provider to the Group.
Appointment of the internal auditor	The internal auditor's appointment was approved by the company's board of directors on May 25, 2011 based on the recommendation of the company's audit committee and based on its professional experience as internal auditor in the area of internal audit.
Organizational supervisor	The chairman of the Company's audit committee
The auditor's qualifications	The auditor holds CPA license from 2003 and is a partner in the CPA firm of Deloitte, Brightman, Almagor Zohar. She possesses an extensive experience in risk management and internal audit alongside rich experience in preparing internal audit in public companies.
The auditor as an external party	The auditor provides internal audit services as an external party, by her team from <i>Brightman Almagor Zohar & Co.</i>
	The company's audit committee approved an audit plan in a scope of 600 hours for 2020. Under this plan, the following audits were carried out: legal services, management agreement with the parent company, Gerresheim project, organizational structure and personnel. In 2020, the scope of the audit plan amounted to 600 hours. The audit plan is multi-annual and its cost is based on a rate of NIS 250 per hour (on average) and

Scope of transaction	to the Company's best understanding, the scope of remuneration does not affect the discretion of the auditor.
The audit plan	<p>The audit plan is part of a multi-annual plan. The planning of the audit tasks, setting priorities and audit frequency are affected by the following:</p> <p>The likelihood of managerial and administrative flaws, the exposure to risks of activities, issues requiring an audit by the managing bodies, issues required by law, pursuant to internal or external procedures, the need to maintain cyclicity in issues that were tested previously. Setting the annual work plan of the internal audit in the the chairman corporation was done in collaboration with of the audit committee the internal auditor and her team. The annual work plan is approved by the Company's audit committee at the beginning of each fiscal year. The plan is determined in accordance with the recommendation of the internal auditor, after consultation with management and the audit committee. The plan is subject to change and encompasses the entire group, including corporations held outside of Israel. In 2021, the audit plan was approved in a scope of 720 work hours under which 4 audit subjects were determined by the audit committee.</p>
Professional standards	The internal auditor, by her notice, prepares the audit according to International Audit Standards of the International Institute of Auditors (IIA)
Scope, nature and continuity of the activity and work plan of the internal auditor	the nature and The board of directors believes that continuity of the activity and work plan of the internal auditor are reasonable in the circumstances and they are serving the purpose of fulfilling the internal audit objectives in the company.
Free access for the internal auditor	The internal auditor shall have free access as aforesaid in the above section 9 of the internal audit law, including continuous and direct access to the company's information systems including financial data.
The internal auditor report	The internal auditor shall submit her reports in writing to the audit committee and the Company's management. The findings of the audit for 2020 were delivered to the Company's management and the audit committee on various dates during 2020. On such dates discussions were held in the audit committee and the internal auditor shared the findings of the audit.
Remuneration	were services audit internal for fees Professional determined to the amount equivalent to NIS 250 per hour on average amounting to NIS 150 thousand in total. In the Company's estimation, such remuneration does not affect the professional discretion of the internal auditor.

16 Information on the external auditor

Name: PKF Amit, Halfon

Professional fees of the auditor:

Year	For audit services	
	Amount (EUR in thousands)	Hours
2019	303	4,700
2020	308	4,300

Name: IUS Statutory Audits,

Professional fees of the auditor:

Year	For audit services	
	Amount (EUR in thousands)	Hours
2019	30	210
2020	33	350

The principles for determining the fees and the approving parties: The fees of the auditors were determined in negotiations between the Company's shareholders and the auditor, and in the opinion of the Company's management it is reasonable and acceptable according to the nature of the Company and the scope of its activity. The remuneration of the auditor was approved by the Company's Board of Directors. The principles for determining the auditor's remuneration are based on the estimated work hours required for the audit of the Company, based on the scope and complexity of the audited activity. It should be indicated that the shareholders appoint the auditor.

Disclosure on material and very material valuations and material appraisers

The valuation of a very material investment property (Leipzig Residential Portfolio) is attached to this periodic report as a very material valuation. The valuations of "material" investment property¹⁵ are not attached to this report as they are "material"¹⁶ but not "very material"¹⁷. Below is the summary of the data regarding these valuations.

¹⁵ as defined in the reports' regulations

¹⁶ as defined in the reports' regulations.

¹⁷ as defined in the reports' regulations.

identification of the valuation subject	Valuation timing (validation date)	The value of the valuation subject before the valuation date (assuming the accepted accounting principles, including depreciation and amortizations would not have required the change of its value according to the valuation) (EUR in thousands)	Value of the valuation subject as determined according to its value (Euro in thousands)	Identification of the appraiser and its characteristics including education, experience in performing valuations for accounting purposes in reporting corporations in scopes similar to the reported valuation or exceeding these scopes and the dependency upon the party who ordered the valuation including reference to indemnification agreements with the appraiser	The valuation model used by the appraiser	The assumptions under which the appraiser performed the valuation according to the valuation model				
						Capitalization rate – Exit Cap rate	long term inflation rate	Terminal rate	Prices used as a basis for comparison	Number of comparison bases.
Leipzig Residential portfolio	Signing – March 3, 2021 Effective date – December 31, 2020	260,680	264,970	CBRE Michael Schlatterer (MRICS, RICS Registered valuer) Independent appraisers with experience in appraising assets of similar scale. No indemnification agreement, except indemnification with respect to liabilities arising from incorrect or inaccurate information provided by the Company.	DCF	3.26%	1.50%-2.00%	339,215	Comparative transactions, which include a price per square meter, for properties with similar characteristics	CBRE database regarding signed lease agreements 2,778 for approximately apartments in Leipzig
Bremen Residential portfolio	Signing – March 3, 2021 Effective date – December	75,980	77,800	CBRE Michael Schlatterer (MRICS, RICS Registered valuer) Independent appraisers with experience in appraising assets of similar scale. No indemnification agreement, except indemnification with respect to liabilities arising from incorrect or inaccurate information provided by the Company.	DCF	4.20%	1.50%-2.00%	99,273	Comparative transactions, which include a price per square meter, for properties with similar characteristics	regarding database CBRE agreements lease signed 299 approximately for Bremen in apartments

Kiel Residential portfolio	Signing – March 3, 2021 Effective date – December	81,010	82,440	CBRE Michael Schlatterer (MRICS, RICS Registered valuer) Independent appraisers with experience in appraising assets of similar scale. No indemnification agreement, except indemnification with respect to liabilities arising from incorrect or inaccurate information provided by the Company.	DCF	3.80%	1.50%-2.00%	108,787	Comparative transactions, which include a price per square meter, for properties with similar characteristics	CBRE database regarding signed lease agreements for approximately 40 apartments in Kiel
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For further details regarding the Company's valuations including in connection with the appraiser and the underlying assumptions of the valuation model see section 1.6.5 of Chapter A to this report.

Part D - Specific Disclosure for Bond Holders

17 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:¹⁸

	Bonds (Series B)	Bonds (Series C)
Is the series material as this term is defined in Regulation 10(B)(13)(a) of the Reports' Regulations?	Yes	Yes
Date of issue	May 21, 2013	July 22, 2014
Date of expanding series	February 4, 2014	April 4, 2016
Par value on the date of issue (thousands NIS)	175,000	102,165
Par value on the date of expanding series (thousands NIS)	240,000	160,180
Par value as at 31.12.2020 (thousands NIS)	144,000	143,835
Linked par value as at 31.12.2020 (thousands NIS)	145,695	143,835
Sum of cumulative interest plus linkage differentials (thousands NIS) as at 31.12.2020	-	2,111
Value in financial statements as at 31.12.2020 including interest payable (thousands NIS)	144,944	144,957
Value at the stock exchange as at 31.12.2020 (thousands NIS)	155,203	161,368

¹⁸ on April 20, 2020, early and full redemption of the Company's bonds (Series A) was carried out. For further details, see section 1.7.2 (b) of Chapter A to this report.

Type and rate of interest	3.29% (annual, linked, fixed rate), subject to adjustments in case of changes in the rating of the bonds (Series B) and/or non-compliance with the financial covenants as specified in Sections 2.8.4.12 and 2.8.4.13 of the shelf prospectus ¹⁹	3.30% (annual, linked, fixed rate), subject to adjustments in case of changes in the rating of the bonds (Series C) and/or non-compliance with the financial covenants as specified in Sections 2.8.4.12 and 2.8.4.13 of the shelf prospectus
Dates of paying principal	Payable in 12 unequal annual instalments on December 31 of each year 2013 to 2024 (inclusive), as such 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 December 31 and June 30 of each year 2013 to 2024 (inclusive), effective from December 31, 2013. The last interest instalment will be paid on December 31, 2024.	Payable on January 20 and July 20 of each year 2015 to 2026 (inclusive), effective from January 20, 2015. The last interest instalment will be paid on July 20, 2026.
Linkage base (principal and interest)	Linked (principal and interest) to the consumers' price index published on February 15, 2013 in respect of April 2013	Linked (principal and interest) to the consumers' price index published on May 15, 2014 in respect of June 2014.
Are they convertible?	No	No
Company's right to perform early redemption or forced conversion	The Company may (but is not obligated to), at any time and at its sole discretion, make an early redemption of some or all of the bonds (Series B), as it chooses, until the date of the final repayment of the bonds (Series B), according to the decisions of the Company's Board of Directors. For further details, please see Section 2.8.15 of the shelf prospectus.	The Company may (but is not obligated to), at any time and at its sole discretion, make an early redemption of some or all of the bonds (Series C), as it chooses, until the date of the final repayment of the bonds (Series C), according to the decisions of the Company's Board of Directors. For further details, please see Section 2.8.15 of the shelf prospectus.
Was a guarantee provided for the payment of the Company's liabilities under the deed of trust?	No	No

¹⁹ The Company's shelf prospectus dated May 24, 2012 and its amendments from May 24, 2012, May 9, 2013 and July 14, 2014 (Reference: 2012-01-134232, 2012-01-135258, 2012-01-058417 and 2014 -01-113694, which is hereby included by way of reference ("shelf prospectus").

18 Details on the trustee

Bonds (Series B)

- (A) Name of trust company: Reznik Paz Nevo Trust Ltd.
 (B) Name of person responsible for the series of bond certificates in the trust company: Yosi Reznik, CPA
 Tel: 03-6399200
 Fax: 03-6389222
 (C) Contact details: Email: trust@rpn.co.il
 Mailing address for documents: 14 Yad Harutzim Street, Tel-Aviv
 (D)

Bonds (Series C)

- (A) Name of trust company: Reznik Paz Nevo Trust Ltd.
 (B) Name of person responsible for the series of bond certificates in the trust company: Yosi Reznik, CPA
 Tel: 03-6399200
 Fax: 03-6389222
 (C) Contact details: Email: trust@rpn.co.il
 Mailing address for documents: 14 Yad Harutzim Street, Tel-Aviv
 (D)

19 Rating:

On March 30, 2020, Maalot S&P announced the ratification of the rating (ilAA- / stable). For the updated rating report see the Company's immediate report dated March 30, 2019 (reference no: 028237- 01- 2020) which is included herein by way of reference.

Bond series	B	
Name of rating company	Maalot	
	Bonds' rating	Issuer's rating
Rating of the issuer and bonds on the date of initial issue (May 2013)	ilA+	ilA+ stable
Rating of the issuer and bonds on the date of expanding the series – February 2014	ilA+	ilA+ stable
Rating of the issuer and bonds – June 2014	ilA+	ilA+ stable
July 2015	ilA+	ilA+, stable
March 2016	ilAA-	ilAA-, stable
March 2017	ilAA-	ilAA-, stable
March 2018	ilAA-	ilAA-, stable
March 2019	ilAA-	ilAA-, stable
March 2020	ilAA-	ilAA-, stable
Rating of the issuer and bonds as of the date of the report	ilAA-	ilAA-, stable

Bond series	C	
Name of rating company	Maalot	
	Bonds' rating	Issuer's rating
Rating of the issuer and bonds on the date of initial issue (July 2014)	ilA+	ilA+ stable
July 2015	ilA+	ilA+, stable
March 2016	ilAA-	ilAA-, stable
March 2017	ilAA-	ilAA-, stable
March 2018	ilAA-	ilAA-, stable
March 2019	ilAA-	ilAA-, stable
March 2020	ilAA-	ilAA-, stable
Rating of the issuer and bonds as of the date of the report	ilAA-	ilAA-, stable

20 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 trust²⁰, including at the end of the Report Period, when the Company complied with all the financial covenants prescribed in the deed of trust of February 24, 2011 (as amended on October 30, 2012 and January 29, 2017) between the Company and Reznik Paz Nevo Trust Ltd, the trustee for the bond holders (series A) that were fully repaid as specified in section 11.4 above and in the deed of trust dated May 9, 2013 (as amended on January 29, 2017 and July 3, 2017) between the Company and Reznik Paz Nevo Trust Ltd, the trustee for the bond holders (series B), and in the deed of trust for bond holders dated July 14, 2014 (as amended on January 29, 2017 July 3, 2017 and May 27, 2018) between the Company and Reznik Paz Nevo Trust Ltd, the trustee for the bond holders (Series C), (below and respectively: the trustee and the deeds of trust) including the following financial covenants:

A. At the end of each quarter the ratio of the Company's equity to its financial debt, net, according to solo reports for that date, will not be under 187.5%²¹:

The Company's equity, which is attributed to the majority shareholders at the Report Period, namely, as of December 31, 2020, is EUR 804.7 million.

The financial debt, net, according to solo reports of the Company, as of the same date, is EUR 64.7 million.

Therefore, the ratio of the Company's equity to the financial debt, net, according to solo reports as of the end of the Report Period, namely, as of December 31, 2020, is approximately 1,243.32%.

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

With respect to the bond holders (Series B):

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

"**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 December 31, 2020: 640,027.

The total issued share capital of BGP as of December 31, 2020 and the signing date of the report: 1,978,261

²⁰ 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 19 to the board of directors' report for 2018 attached as chapter B to the Company's 2018 periodic report (reference number 021450-01-2019) which is included herein by way of reference).

²¹ 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 December 31, 2020: 32.4%.

BGP's equity, attributed to its shareholders, as appears in the Company's financial statements as of December 31, 2020: EUR 833,121 thousand.

The EUR/NIS representative exchange rate known, published by the Bank of Israel, as of the signing date of the report: NIS 3.9660.

The value of the charged shares: NIS 1,068,995 thousand.

Net debt: NIS 145,695 thousand.

Accordingly, the ratio between the charged shares' value to net debt, as of the end of the Report Period, is approximately 734%, 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 December 31, 2020: 394,430.

The total issued share capital of BGP as of December 31, 2020 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 December 31, 2020: 19.9%.

BGP's equity, attributed to its shareholders, as appears in the Company's financial statements as of December 31, 2020: EUR 833,121 thousand.

The EUR/NIS representative exchange rate known, published by the Bank of Israel, as of the signing date of the report: NIS 3.9660.

The value of the charged shares: NIS 658,790 thousand.

Net debt: NIS 145,651 thousand.

Accordingly, the ratio between the charged shares' value to net debt, as at the end of the Report Period, is approximately 452%, therefore the Company meets this ratio as well.

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

a. **Minimum equity:** Pursuant to the Series B and C deeds of trust - the equity attributed to the majority shareholders shall not fall below EUR 150 million and EUR 190 million, respectively. As of the report date, the equity attributed to the majority shareholders is EUR 804.7 million.

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

As of the report date, the equity attributed to the majority shareholders is EUR 804.7 million and the debt ratio to CAP is 35.44% (as detailed below).

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

	EUR in Thousands
Financial liabilities according to solo reports	72,980
Financial liabilities of the subsidiaries	-
Other liabilities according to solo reports	427,024
Net of cash, cash equivalents and deposits	35,812
Net of debt in respect of inventory of apartments under construction	-
Net financial debt – consolidated	464,192

CAP ²²	
Equity including non-controlling interests	845,430
Net financial debt, consolidated	464,192
Deferred loans of the Company	-
CAP	1,309,622

lower be should ratio such a trust of deeds the to according Therefore, **this ratio is 35.44%** whereas C. and B Series for than 75%

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

For details regarding the charges for securing the Company's undertakings pursuant to the terms of the Company's bonds (Series B and Series C), which are in force pursuant to any law and the Company's incorporation instruments, as of the report date and the report signing date, see section 20 of the board of directors' report for 2019 attached as Chapter B to the periodic report of the Company for 2019 (reference number 026409-01-2020) which included herein by way of reference (2019 periodic report).

It should be noted that in the reported period and following the early and full redemption of the Company's bonds (Series A) as described in Section 11.4 above, on April 20, 2020, the Company addressed the trustee for the bondholders (Series A), requesting to release and remove the charges registered to secure the Company's liabilities in connection with the bonds (Series A), in accordance with the terms of the trust deed. The Company obtained a confirmation on the charges removal on May 7, 2020.

22 Attaching the financial statements of BGP:

According to the legal position No 29-103 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.

²² 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.

The following is data as of December 31, 2020, 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:

<u>Data as of December 31, 2020</u> <u>(EUR in thousands)</u>	<u>The Company</u> <u>Consolidated</u>	<u>Assets/liabilities</u> <u>In the pledged</u> <u>investee</u> <u>company</u>	<u>Assets/liabilities</u> <u>In unpledged</u> <u>companies</u>
Total assets	1,497,366	1,452,354	45,012
Current assets and held for sale	85,875	76,956	8,919 *
Noncurrent assets	1,411,491	1,375,398	36,093
Total liabilities	651,936	578,532	73,404
Current liabilities and held for sale	165,718	155,281	10,437 **
Noncurrent liabilities	486,218	423,251	62,967 ***
Non- controlling interests	40,701	40,701	-
Total equity	804,729	833,121	(28,392)
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%	89%	11%
Rate of equity out of the total equity in the balance sheet	100%	104%	(4%)

* Mainly cash and liquid balances held by the Company (solo);

** Mainly current maturity of principal of bonds (Series B – C) issued by the Company and interest payable for said bonds;

*** Mainly balance of bonds principal (Series B – C) issued by the Company.

Amsterdam, 20 August 2021

<u>Names of signatories</u>	<u>Position</u>	<u>Signature</u>
Patrick Burke	Chairman of the Board of Directors	_____
Thierry Beaudemoulin	CEO	_____

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2020

IN THOUSANDS OF EUROS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31,	
		2020	2019
Euros in thousands			
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	3	34,814	44,409
Restricted deposits, financial assets and other receivables	4	15,959	68,356
Income receivable in respect of sale of apartments		3,405	7,464
Tenants and trade receivables, net	5	1,399	505
Inventory of buildings under construction	6	2,477	29,311
		<u>58,054</u>	<u>150,045</u>
Assets of disposal groups held for sale	8(f)	27,821	199,426
NON-CURRENT ASSETS:			
Investments and loans in companies accounted at equity	7	22,949	7,699
Investment in financial assets measured at fair value through profit or loss	14a	42,588	42,149
Inventory of real estate	6	52,550	71,768
Investment property – real estate rights	8	60,900	62,218
Investment property – income generating assets	8	1,225,446	1,123,350
Restricted deposits for investments in assets		6,612	6,168
Other accounts receivable, fixed assets and other financial assets	9	259	328
Deferred taxes	17	187	33
		<u>1,411,491</u>	<u>1,313,713</u>
		<u>1,497,366</u>	<u>1,663,184</u>

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31,	
		2020	2019
Euros in thousands			
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Current maturities of loans from banks	11	130,739	57,275
Current maturities of debentures	11	10,013	25,780
Loans for financing inventory of buildings under construction	11	-	5,747
Accounts payable and other financial liabilities	14b, 10	20,972	23,963
Advances from apartment purchasers	6	33	1,143
		<u>161,757</u>	<u>113,908</u>
<u>Liabilities of disposal groups held for sale</u>	8(f)	<u>3,961</u>	<u>148,211</u>
NON-CURRENT LIABILITIES:			
Loans from banks	11	296,285	415,904
Debentures	11	62,967	74,639
Loans from controlling shareholder	12	-	44,762
Leasing liabilities	13	2,990	3,010
Other financial liabilities	14b	254	404
Deferred taxes	17	123,722	108,909
		<u>486,218</u>	<u>647,628</u>
<u>Total liabilities</u>		651,936	909,747
Contingent liabilities, commitments and liens	18		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:			
	19		
Share capital		77	77
Share premium		144,237	144,237
Treasury shares		(746)	(746)
Other capital reserves		584	584
Statutory capital reserve		438,591	359,944
Retained earnings		221,986	207,938
Total equity attributable to equity holders of the company		<u>804,729</u>	<u>712,034</u>
<u>Non-controlling interests</u>		<u>40,701</u>	<u>41,403</u>
<u>Total equity</u>		<u>845,430</u>	<u>753,437</u>
		<u>1,497,366</u>	<u>1,663,184</u>

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

20 August 2021			
Date of approval of the financial statements	Patrick Burke Chairman of the Board of Directors	Thierry Beaudemoulin CEO	Eran Edelman CFO

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OT LOSS

	Note	Year ended December 31,		
		2020	2019	2018
		Euros in thousands (except net earnings per share data)		
Revenues from rental of properties		61,888	73,771	79,168
Revenues from property management and others		24,678	25,904	26,980
Property management expenses		(24,855)	(25,899)	(27,870)
Cost of maintenance of rental properties	20a	(11,606)	(12,296)	(12,717)
Rental and management revenues, net		50,105	61,480	65,561
Revenues from sale of apartments		72,548	70,029	62,753
Cost of sale of apartments		(58,172)	(56,999)	(47,771)
Gain from sale of apartments		14,376	13,030	14,982
Other income	20f	500	-	-
Equity in earnings (losses) of companies accounted at equity		262	(107)	(723)
Gain from realization of investment of a company accounted at equity		2,011	-	-
General and administrative expenses	20b	(13,325)	(16,138)	(12,520)
General and administrative expenses relating to inventory of buildings under construction and real estate inventory		(1,772)	(1,986)	(2,329)
Selling and marketing expenses		(68)	(375)	(365)
Operating profit before change in value of investment property, net		52,089	55,904	64,606
Appreciation of investment property, net	8	83,221	13,338	95,499
Operating income		135,310	69,242	160,105
Finance expenses net of exchange rate effect and currency hedging transactions	20c	(15,037)	(19,090)	(19,646)
Exchange rate effect, CPI and currency hedging transactions, net	20d	3,728	(8,976)	6,509
Change in value of financial instruments, loans and others (including loan early repayment costs)	20e	1,286	(11,291)	1,580
Income before taxes on income		125,287	29,885	148,548
Taxes on income	17e	(27,594)	(12,258)	(29,505)
Net and comprehensive income for the year		<u>97,693</u>	<u>17,627</u>	<u>119,043</u>
Net and comprehensive income (loss) attributable to:				
Equity holders of the Company		92,695	18,318	100,919
Non-controlling interests		4,998	(691)	18,124
		<u>97,693</u>	<u>17,627</u>	<u>119,043</u>
Net earnings per share attributable to equity holders of the Company (in Euro) - basic and diluted	21	<u>11.99</u>	<u>2.37</u>	<u>13.05</u>

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY								
	Share capital	Share premium	Treasury shares	Other capital reserves	Statutory capital reserve (1)	Retained earnings	Total	Non-controlling interests	Total equity
	Euros in thousands								
<u>Balance as of January 1, 2018</u>	77	144,237	(746)	2,322	319,337	125,941	591,168	107,402	698,570
Effect of initial adoption of new IFRS standard	-	-	-	-	-	3,367	3,367	690	4,057
	<u>77</u>	<u>144,237</u>	<u>(746)</u>	<u>2,322</u>	<u>319,337</u>	<u>129,308</u>	<u>594,535</u>	<u>108,092</u>	<u>702,627</u>
Total net income and comprehensive income	-	-	-	-	-	100,919	100,919	18,124	119,043
Classification in accordance with Dutch law	-	-	-	-	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)
<u>Balance as of December 31, 2018</u>	<u>77</u>	<u>144,237</u>	<u>(746)</u>	<u>1,512</u>	<u>378,756</u>	<u>170,808</u>	<u>694,644</u>	<u>105,816</u>	<u>800,460</u>
Total net income and comprehensive income	-	-	-	-	-	18,318	18,318	(691)	17,627
Classification in accordance with Dutch law	-	-	-	-	(18,812)	18,812	-	-	-
Purchase of rights from non-controlling interests (2)	-	-	-	(928)	-	-	(928)	(63,722)	(64,650)
<u>Balance as of December 31, 2019</u>	<u>77</u>	<u>144,237</u>	<u>(746)</u>	<u>584</u>	<u>359,944</u>	<u>207,938</u>	<u>712,034</u>	<u>41,403</u>	<u>753,437</u>

(1) See Note 19d.

(2) See Note 18c (1).

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

	Share capital	Share premium	Treasury shares	Other capital reserves	Statutory capital reserve (1)	Retained earnings	Total	Non-controlling interests	Total equity
	Euros in thousands								
<u>Balance as of January 1, 2020</u>	77	144,237	(746)	584	359,944	207,938	712,034	41,403	753,437
Total net income and comprehensive income	-	-	-	-	-	92,695	92,695	4,998	97,693
Classification in accordance with Dutch law	-	-	-	-	78,647	(78,647)	-	-	-
Distribution and payment to non-controlling interests (2)	-	-	-	-	-	-	-	(5,700)	(5,700)
<u>Balance as of December 31, 2020</u>	<u>77</u>	<u>144,237</u>	<u>(746)</u>	<u>584</u>	<u>438,591</u>	<u>221,986</u>	<u>804,729</u>	<u>40,701</u>	<u>845,430</u>

(1) See Note 19e.

(2) See Note 18c (2).

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2020	2019	2018
	Euros in thousands		
<u>Cash flows from operating activities:</u>			
Net income	97,693	17,627	119,043
Adjustments to reconcile net income to net cash provided by operating activities:			
Adjustments to profit and loss:			
Depreciation	103	100	75
Finance expenses, net	12,120	38,062	16,322
Decrease in fair value of financial instruments	(2,019)	(832)	(5,693)
Appreciation of investment property, net	(83,221)	(13,338)	(96,912)
Deferred taxes, net	13,923	7,685	18,491
Gain from sale of investment in a company accounted at equity	(2,011)	-	-
Equity in losses (earnings) of companies accounted at equity	(262)	107	723
	<u>(61,357)</u>	<u>31,784</u>	<u>(66,994)</u>
Cash flows from operating activities before changes in asset and liability items	36,326	49,411	52,049
Changes in operating asset and liability items:			
Increase in tenants, restricted deposits and other receivables and related parties	(1,930)	(1,055)	(1,294)
Increase (decrease) in accounts payable	(469)	(2,673)	6,769
	<u>(2,399)</u>	<u>(3,728)</u>	<u>5,475</u>
Net cash provided by operating activities before activity in real estate assets and liabilities	33,927	45,683	57,524
Change in advances from apartment purchasers	2,949	(2,688)	2,635
Decrease (increase) in inventory of buildings under construction and real estate inventory	14,950	(5,487)	405
Net cash provided by operating activities before purchase of long-term inventory	<u>51,826</u>	<u>37,508</u>	<u>60,564</u>
Purchase of long-term real estate inventory	-	-	(128,623)
Net cash provided by (used in) operating activities	<u>51,826</u>	<u>37,508</u>	<u>(68,059)</u>

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2020	2019	2018
	Euros in thousands		
<u>Cash flows from investing activities:</u>			
Investment in investment property	(19,741)	(18,115)	(23,446)
Return on investment (investment) in companies measured at equity	4,836	(109)	(103)
Investment in marketable financial asset measured at fair value through profit or loss	-	-	(35,000)
Proceeds from sale of investment property, net	55,501	89,714	11,900
Proceeds from sale of subsidiaries, net (a)	-	64,094	-
Withdrawal (placement) of restricted deposits, net	50,650	(46,576)	(9,982)
Sale of derivatives	3,131	940	237
Net cash provided by (used in) investing activities	94,377	89,948	(56,394)
<u>Cash flows from financing activities:</u>			
Interest paid	(13,717)	(17,069)	(17,701)
Purchase of rights from non-controlling interests	-	(64,650)	(3,299)
Distribution and payment to non-controlling interests	(5,700)	-	(17,911)
Receipt of long-term bank loans, net	18,959	339,279	197,772
Receipt (repayment) of long-term loans from controlling shareholder, net	(44,200)	44,200	-
Repayment of debentures	(25,706)	(18,679)	(17,309)
Repayment of long-term loans	(85,434)	(393,266)	(103,090)
Net cash provided by (used in) financing activities	(155,798)	(110,185)	38,462
Change in cash and cash equivalents	(9,595)	17,271	(85,991)
Balance of cash and cash equivalents at the beginning of the year	44,409	27,138	113,129
Balance of cash and cash equivalents at the end of the year	34,814	44,409	27,138

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2020	2019	2018
	Euros in thousands		
(a) <u>Proceeds from sale of subsidiaries, net (2020 - loss of control of a subsidiary - see Note 7)</u>			
Assets and liabilities of consolidated subsidiaries as of date of sale (date of loss of control):			
Real estate inventory	143,004	-	-
Investment property	-	180,603	-
Working capital	284	663	-
Loans from banks, net	(127,512)	(97,754)	-
Deferred taxes, net	2,037	(12,924)	-
Assets, net	<u>17,813</u>	<u>70,588</u>	<u>-</u>
Less investment balance in companies presented as financial asset	-	(6,494)	-
Less investment balance in a company accounted at equity	<u>(17,813)</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>64,094</u>	<u>-</u>
(b) Additional information			
Taxes paid	<u>10,197</u>	<u>9,010</u>	<u>4,357</u>
(c) Noncash significant activities			
Classification of real estate inventory to investment property	<u>29,638</u>	<u>-</u>	<u>-</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: - GENERAL

 a. General description of the Company and its activity

Brack Capital Properties NV ("the Company") was incorporated in June 2006 and is a real estate corporation residing in the Netherlands, which is engaged via investees in the acquisition and management of investment properties in Germany, mainly in the area of income-generating commercial and income-generating residential real estate. The Company is also engaged in real estate betterment and development of residential complex in Düsseldorf, Germany. Regarding the Company's operating segments, see Note 22.

The Company's shares and bonds are traded on the Tel Aviv Stock Exchange.

In April 2018, the control in the Company was purchased by ADLER Real Estate AG (ADLER). ADLER intends to use its effect as a controlling shareholder subject to the provisions of any law to review the refocus of the Company's strategy in the income generating residential sector including the possibility of selling a certain portion of the Company's assets and business in the income generating commercial sector. As of the approval date of the financial statements, the Company continues to review the possibilities of focusing its business strategy including the commencement of selling part of its business.

 b. Definitions

In these financial statements -

The Company	-	Brack Capital Properties NV.
The Group	-	Brack Capital Properties NV and its investees
Subsidiaries	-	Companies controlled by the Company (as defined in the IFRS 10) and the accounts of which are consolidated with those of the Company.
Jointly controlled entities	-	Companies owned by various entities that have a contractual arrangement for joint control and the Company's investment therein is included in the consolidated statements of the Company using the equity method. (see Note 2d)
Investees	-	Subsidiaries, jointly controlled entities.
Interested parties and controlling shareholder	-	As defined in the Israeli Securities Regulations (Annual Financial Statements), 2010.
Related parties	-	As defined in IAS 24 (revised)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: - GENERAL (Cont.)

c. The Corona pandemic and its impact on the groupGeneral

Following the outbreak of the Corona Virus (COVID-19) in China in December 2019, and spreading to many other countries in early 2020, there has been a decline in economic activity in many regions of the world and in Israel and Germany as well. The spread of the virus, among other things, has disrupted the supply chain, a decrease in the volume of global transport, traffic and employment restrictions imposed by the Israeli and German government and many governments worldwide, as well as declines in the value of financial assets and commodities in markets in Israel and around the world. In addition, in accordance with the directives of the governments of Germany, the Netherlands and Israel, the activity of businesses was banned or restricted, presence of manpower in workplaces was significantly restricted, education systems were shut down and restrictions were imposed on leaving homes. It is hereby indicated that during the second quarter, the German government began removing some of the restrictions, following relative success in controlling the virus. In the last quarter of 2020 and at the beginning of 2021, there was an increase in the spread of the virus in Germany and the German government began imposing renewed restrictions in order to stop the spread of the virus.

The Company's risks and exposures

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

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

In addition, the Company has an exposure also in the real estate development sector since the impact of the economic crisis on global economy and on Germany in particular, may have an effect on the demand for apartments and cause a decrease in the value of the apartments for sale and/or decrease in the sales rate of apartments (although as of the report date, the Company is not aware of indications of changes in selling prices of apartments and/or change in construction costs). As of this date, although vaccinations campaigns have commenced in many countries around the world including Germany, the Netherlands and Israel which may contain and later on even stop the spread of the virus, the end of the economic crisis in these countries and throughout the world cannot be expected and accordingly its full impact on the Company's operations cannot be expected or estimated at this stage.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: - GENERAL (Cont.)

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

The Company's revenues were not significantly harmed, among other things, in view of recent actions taken by the Company that focused its activities on residential properties, which reduced the Company's exposure to commercial tenants as well as the German government's assistance to commercial tenants. However, during the first quarter of 2020, the Company recognized a loss of EUR 11.1 million following a significant decrease in the fair value of the Company's investment in marketable securities due to the crisis in capital markets from the spread of the Corona virus which was offset in full in 2020 in which the Company recognized a cumulative profit of EUR 11.5 million following an increase in fair value of the same investment in marketable securities due to recovery of the capital markets. In addition, in 2020, the Company recognized impairment loss of the Company's commercial assets and a profit in respect of appreciation of the residential assets as detailed below.

- During the reported period, the financial situation of various tenants in the commercial real estate sector was harmed, which led to difficulties in paying rent and management fees, delaying in lease agreements renewal and finding tenants for vacant spaces. As of the report date, trade receivables' balance of approximately EUR 0.3 million, which constitutes approximately 3% of the Company's revenues in the commercial real estate sector have not yet been received due to deferral of payments and/or cancellation due to the Corona crisis. In the residential income producing sector the change in occupancy rate as of December 31, 2020 and the report publication date is negligible in relation to the average occupancy rate in 2019 as well as a change in the rate of cancellations and delays in collection is negligible. It should be noted that due to the reduction in the Company's exposure in the commercial real estate sector, this decrease in the collection rate did not have a material effect on the Company's cash flow.
- In addition, during the reporting period, there was an increase in discount rates used to measure the fair value of some of the Company's investment properties in the commercial real estate sector as specified in Note 8 below based on appraisals as of September 30, 2020, conducted by external appraisers. In addition, with respect to some of the assets as aforesaid, the Company has updated the projected cash flow in accordance with the effects described in the previous section. As a result, there was a decrease in the fair value of commercial real estate assets and a loss was recognized from a change in the fair value of approximately EUR 28.2 million. As of December 31, 2020, there is no material change in the value of the Company's assets in the income generating commercial sector compared to valuations as of September 30, 2020, are unchanged.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: - GENERAL (Cont.)

- The crisis did not have a negative effect on the Company's residential assets. During the reporting period, there was a decrease in discount rates used to measure the fair value of some of the Company's investment properties in the residential real estate sector as specified in Note 8 below due to changes in market conditions during the period, based on valuations as of December 31, 2020 conducted by external appraisers. As a result, there was an increase in the fair value of residential assets and a gain from a change in the fair value of approximately EUR 115.9 million was recognized.
- With regard to the development sector, as of December 31, 2020 and as of the approval date of the financial statements, the Company is not aware of any indications of a change in selling prices of apartments and/or a change in construction costs.
- In accordance with the above, until the approval date of the financial statements, the impact of the crisis on the Company's cash flow was insignificant, in part due to the reduced exposure to commercial real estate and proceeds received from property realization and considering changes in tenants' collection rates and slowdown in apartment sales in development projects.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIESa. Basis of presentation of the financial statements1. Basis of measurement

The Company's financial statements have been compiled based on cost, with the exception of investment property and marketable financial instruments and derivatives which are measured at fair value through profit or loss.

The Company has elected to present its statement of comprehensive income or loss according to the operations attribute method.

2. Preparation format of the financial statements

These financial statements have been compiled in accordance with International Financial Reporting Standards ("IFRS") and as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.. These standards include:

- a) International Financial Reporting Standards (IFRS).
- b) International Accounting Standards (IAS).
- c) Interpretations issued by the IFRIC and by the SIC.

Furthermore, the financial statements have been prepared in accordance with the Israeli Securities Regulations (Annual Financial Statements), 2010.

3. Consistent accounting policies

The accounting policies applied in the financial statements are consistent with those of all periods presented, unless otherwise indicated. (See also section AE)

b. Significant accounting judgments, estimates and assumptions used in the preparation of the financial statements:

In the process of applying the significant accounting policies, the Group has made the following judgments which have the most significant effect on the amounts recognized in the financial statements:

1. Acquisition of subsidiaries that are not business combinations:

According to IFRS 3 (Revised), at the time of acquisition of subsidiaries and activities, the Company considers whether the acquisition represents a business combination pursuant to IFRS 3 (Revised). This estimate is based, among others, on the following criteria which indicate acquisition of a business are considered: large number of assets acquired, the extent to which ancillary services to operate the property are provided and the complexity of the management of the property and asset concentration criteria (see also section AE below).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)2. The timing of fulfilling performance obligations

The Company is examining the date of transfer of control over the asset or service in order to identify the timing of revenue recognition from contracts with customers at a point in time or over time (particularly from revenues from sale of apartments). Among other things, the Company examines whether the customer gains control over an asset at a specific point in time or consumes the economic benefits simultaneously with the Company's performance. In addition, the Company also takes into account the relevant provisions of the law and regulation in order to determine the timing of revenue recognition. For further details, see section u below.

3. Estimates and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. These estimates and underlying assumptions are reviewed regularly. Changes in accounting estimates are reported in the period of the change in estimate.

The key assumptions made in the financial statements concerning uncertainties at the end of the reporting period and the critical estimates computed by the Group that may result in a material adjustment to the carrying amounts of assets and liabilities in the financial statements within the next financial year.

4. Investment property:

Investment property that can be reliably measured is presented at fair value at the end of the reporting period. Changes in their fair value are recognized in profit or loss. Fair value is determined by independent valuation experts using economic valuations that involve valuation techniques and assumptions as to estimates of projected future cash flows from the property and estimate of the suitable discount rate for these cash flows. If applicable, the fair value is determined based on recent real estate transactions with similar characteristics and location of the valued asset.

The fair value measurement of investment property requires valuation experts and the Company's management to use certain assumptions regarding rates of return on the Group's assets, future lease prices, occupancy rates, contract renewal terms, the probability of leasing vacant areas, asset operating expenses, the tenants' financial stability and the implications of any investments made for future development purposes in order to assess the future expected cash flows from the assets. Any change in the assumptions used to measure the investment property is liable to affect fair value. See also Note 8c.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

5. Inventories of real estate and apartments under construction:

The net realizable value is assessed based on management's evaluation including expectations and estimates as to the amounts expected to be realized from the sale of the project inventory and the construction costs necessary to bring the inventory to a saleable condition. Further details are given in j.

6. Deferred tax assets:

Deferred tax assets are recognized for unused carryforward tax losses and temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are given in t.

7. Investment at equity method

In the reported period, upon the entry into force of the sale agreement and the cooperation agreement in the Gerresheim project (see Note 7(3) the Company examined the issue of loss of control in the sub-subsidiary and its deconsolidation also in view of the existence of a cancellation right of the agreement by the Company prior to completion of payments 2 and 3 in the agreement. The Company determined that under the special circumstances of the agreement this right is not real (according to implementation appendix of IFRS 10) since the Company considers this right as protective right used as collateral for the fulfillment of the agreement and said payments where the partner can advance them at any given moment resulting in the cancellation of the Company's cancellation right and particularly cancelling the transaction could harm the Company and the plan realization in economic and other aspects. In addition, the Company determined that under the accounting treatment on loss of control of the sub-subsidiary and the transition to application of the equity method, there is no need to revalue the investment balance in that company (25%) at fair value, given the terms of the transaction and the fact that it is a non-business asset company.

c. Consolidated financial statements:

The consolidated financial statements comprise the financial statements of companies that are controlled by the Company (subsidiaries). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Potential voting rights are considered when assessing whether an entity has control. The consolidation of the financial statements commences on the date on which control is obtained and ends when such control ceases.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The financial statements of the Company and of the subsidiaries are prepared as of the same dates and periods. The consolidated financial statements are prepared using uniform accounting policies by all companies in the Group. Significant intragroup balances and transactions and gains or losses resulting from intragroup transactions are eliminated in full in the consolidated financial statements.

Non-controlling interests in subsidiaries represent the equity in subsidiaries not attributable, directly or indirectly, to a parent. Non-controlling interests are presented in equity separately from the equity attributable to the equity holders of the Company. Profit or loss and components of other comprehensive income or loss are attributed to the Company and to non-controlling interests.

Losses are attributed to non-controlling interests even if they result in a negative balance of non-controlling interests in the consolidated statement of financial position.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as a change in equity by adjusting the remaining non-controlling interests against the equity attributable to equity holders of the Company less / with the addition of any consideration paid or received.

Upon the disposal of a subsidiary resulting in loss of control, the Company:

- derecognizes the subsidiary's assets (including goodwill) and liabilities.
- derecognizes the carrying amount of non-controlling interests.
- derecognizes the adjustments arising from translating financial statements carried to equity.
- recognizes the fair value of the consideration received.
- recognizes the fair value of any remaining investment.
- reclassifies the components previously recognized in other comprehensive income (loss) on the same basis as would be required if the subsidiary had directly disposed of the related assets or liabilities.
- recognizes any resulting difference (surplus or deficit) as gain or loss.

Upon initial recognition, the remaining investment is treated according to its classification: as a financial instrument or as an investment treated according to the equity method.

d. Investment in joint arrangements:

Joint arrangements are arrangements in which the Company has joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

e. Joint ventures:

In joint ventures the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint venture is accounted for at equity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

- f. Investments accounted for using the equity method:

The Group's investments in companies under joint control are accounted for using the equity method.

Under the equity method, the investment in the associate or in the joint venture is presented at cost with the addition of post-acquisition changes in the Group's share of net assets, including other comprehensive income or loss of the associate or the joint venture. Profits and losses resulting from transactions between the Group and the associate or the joint venture are eliminated to the extent of the interest in the associate or in the joint venture.

The financial statements of the Company and of the associate or joint venture are prepared as of the same dates and periods. The accounting policies applied in the financial statements of the associate or the joint venture are uniform and consistent with the policies applied in the financial statements of the Group.

Regarding the accounting treatment on loss of control of the sub-subsidiary and the transition to application of the equity method see Note 2b(7) above.

- g. Functional currency and presentation currency:

1. The presentation currency of the financial statements is the Euro.

The Group determines the functional currency of each Group entity, including companies accounted for at equity. The functional currency of the group companies is Euro.

2. Transactions, assets and liabilities in foreign currency:

Transactions denominated in currency that is the functional currency (foreign currency) are recorded upon initial recognition at the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at each reporting date into the functional currency at the exchange rate at that date. Exchange rate differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currency and measured at cost are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

3. Index-linked monetary items:

The Group has debentures that are linked to the Israeli Consumer Price Index ("Israeli CPI"). Monetary assets and liabilities linked to the changes in the Israeli Consumer Price Index ("Israeli CPI") are adjusted at the relevant index at the end of each reporting period according to the terms of the agreement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE - :2 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

h. Cash equivalents:

Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of acquisition or with a maturity of more than three months, but which are redeemable on demand without penalty and which form part of the Group's cash management.

i. Short-term deposits:

Short-term bank deposits are deposits with an original maturity of more than three months from the date of acquisition which do not comply with the definition of cash equivalents. The deposits are presented according to their terms of deposit.

j. Inventories of apartments under construction and inventories of real estate:

Cost of inventories of apartments under construction and inventories of real estate comprises identifiable direct costs of land such as taxes, fees and duties and construction costs.

Inventories of apartments under construction and inventories of real estate are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated selling costs.

k. The operating cycle:

The Group has two operating cycles. The operating cycle of apartments under construction is three years. The operating cycle of the remaining activities is one year. Accordingly, the assets and liabilities directly attributable to inventory of apartments under construction are classified in the statement of financial position as current assets and liabilities based on the operating cycle.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

1. Financial instruments:

Until December 31, 2017, the Company adopted IAS 39 Financial Instruments". Effective from January 1, 2018, the Company adopts IFRS 9 – "Financial Instruments". The adoption of the new standard did not have a material impact on the financial statements including classification and presentation of financial instruments. On January 1, 2018, the Company initially adopted IFRS 9 – financial instruments (the Standard).

The accounting policies adopted effective from January 1, 2018 for financial instruments are as follows:

1. Financial assets

Financial assets are measured at the date of initial recognition at their fair value plus transaction costs that can be directly attributed to the acquisition of the financial asset, except in case of a financial asset measured at fair value through profit or loss in respect of which transaction costs are recognized in profit or loss.

The Company classifies and measures debt instruments in its financial statements on the basis of the following criteria:

- (A) The business model of the Company for the management of financial assets, and
- (B) The contractual cash flow characteristics of the financial asset.

1a. The Company measures debt instruments at amortized cost when:

The Company's business model is holding the financial assets in order to collect contractual cash flows; and the contractual terms of the financial asset provide entitlement to cash flows on defined dates that are only principal and interest payments in respect of the principal that has not yet been repaid.

After initial recognition, instruments in this group shall be presented at their terms at amortized cost using the effective interest method and net of provision for impairment.

In addition, on the date of initial recognition, a company may designate a debt instrument as measured at fair value through profit or loss, without option to change this designation, if such designation eliminates or significantly reduces inconsistencies in measurement or recognition, for example if the related financial liabilities are also measured at fair value through profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

- 1b. The Company measures debt instruments at fair value through other comprehensive income when:

The Company's business model is holding financial assets in order to collect contractual cash flows and the sale of the financial assets as well as selling the financial assets; and the contractual terms provide entitlement to cash flows on defined dates that are only principal and interest payments in respect of the principal that has not yet been repaid.

After initial recognition, instruments of this group are measured at fair value. Gains or losses from fair value adjustments, other than interest and exchange rate differences are recognized in other comprehensive income.

- 1c. The Company measures debt instruments at fair value through profit or loss when:

A financial asset that is a debt instrument does not meet the criteria for measuring it at amortized cost or at fair value through other comprehensive income. After initial recognition, the financial asset is measured at fair value when gains or losses from fair value adjustments are recognized in profit or loss.

- 1d. Equity instruments and other financial assets held for trade

Investments in equity instruments do not meet the above criteria and are therefore measured at fair value through profit or loss.

Other financial assets held for trade such as derivatives, including embedded derivatives that are separated from a host contract, will be measured at fair value through profit or loss unless they are designated as instruments for effective hedging.

Dividend income from investments in equity instruments is recognized on the commencement date for the entitlement to a dividend in the statement of profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2. Impairment of financial assets

The Company examines at each reporting date the provision for loss in respect of financial debt instruments that are not measured at fair value through profit or loss.

The Company distinguishes between two situations of recognition of a provision for loss;

- a) Debt instruments for which there has been no significant deterioration in their credit quality since the initial recognition or in cases where the credit risk is low - the provision for loss recognized for this debt instrument will take into account projected credit losses in a period of 12 months after the reporting date; or
- b) Debt instruments whose credit quality has deteriorated significantly since their initial recognition and for which the credit risk is not low; the provision for loss to be recognized will take into account projected credit losses - over the remaining life of the instrument.

The company has financial assets with short credit periods such as customers, for which it applies the benefit provided in the model, i.e. the company measures the provision for a loss in the amount equal to the expected credit losses throughout the life of the instrument.

The impairment of debt instruments measured at reduced cost will be carried in profit or loss against the provision.

The Company applies the benefit determined in the standard under which it assumes that the credit risk of debt instrument did not increase significantly from the initial recognition date if it was determined on the reporting date that the instrument is of low credit risk for example when the instrument has external rating of "investment level".

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)3. Derecognition of financial instruments:

The Company derecognized financial asset only when:

- (a) The contractual rights to the cash flows from the financial asset expire; or
- (b) The Company transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset
- (c) The Company retains the contractual rights to receive the cash flows deriving from the financial asset, but assumes a contractual obligation to pay these cash flows in full to a third party, without material delay.

4. Financial liabilities

4a) Financial liabilities measured at amortized cost:

At initial recognition, the Company measures financial liabilities at fair value net of transaction costs directly attributable to the issue of financial liability.

After initial recognition, the Company measures all financial liabilities at amortized cost using the effective interest method, other than: financial liabilities at fair value through profit or loss such as derivatives.

4b) Financial liabilities at fair value through profit or loss:

At initial recognition, the Company measures financial liabilities (derivatives) that are not measured at amortized cost at fair value, when transaction costs are recognized in profit or loss.

After initial recognition, changes in fair value are carried to profit or loss.

5. Derecognition of financial liabilities and change in the terms of liabilities

The Company derecognises a financial liability only when it is extinguished - that is, when the liability defined in the contract is discharged or canceled or expires.

A financial liability is extinguished when the debtor repays the liability by paying cash, by other financial assets, goods or services, or is legally released from the liability.

In the event of a change in the terms of an existing financial liability, the Company examines whether the terms of the liability are materially different from the existing conditions and takes into account qualitative and quantitative considerations.

When an existing financial liability is exchanged with another liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is accounted for as an extinguishment of the original liability and the recognition of a new liability. The difference between the carrying amounts of the above two liabilities is recognized in profit or loss.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

If the modification in the terms of an existing liability is not substantial or if a liability is exchanged with another liability whose terms are not substantially different between the Company and the same lender, the Company recalculates the carrying amount of the liability by discounting the revised cash flows at the original effective interest rate and any resulting difference is recognized in profit or loss.

6. Offsetting financial instruments:

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position if there is a legally enforceable right to set off the recognized amounts and there is an intention either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The right to set off must be legally enforced not only in the ordinary course of business of the parties to the agreement but also in case of bankruptcy or insolvency. In order for the right to exist, it should not be dependent on a future event or that in certain periods of time it will not apply or that there will be events that will cause its expiration.

m. Derivative financial instruments

The Group enters into contracts for derivative financial instruments such as forward currency contracts (Forward) in respect of foreign currency and interest rate swaps (SWAP) and CAP transactions to hedge risks associated with foreign exchange rates and interest rate fluctuations (accordingly these transactions are not recognized as accounting hedge).

Any gains or losses arising from changes in the fair values of derivatives that do not qualify for hedge accounting are recorded immediately in profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

n. Leases:

The accounting policies applied as of January 1, 2019 in respect of leases are as follows:

The Company treats a contract as a lease when, under the terms of the contract, the right to control an identified asset is transferred for a period of time for consideration.

1. The Group as lessee:

For transactions in which the Company is a lessee, it recognizes on the lease commencement date the right of use asset against a lease liability other than lease transactions for a period of up to 12 months and leases for which the underlying asset is with a low value, in which the Company chose to recognize the lease payments as expense in the profit or loss using the straight line method over the lease term. As part of the measurement of the lease liabilities, the Company chose to apply the practical expedient in the Standard and does not separate the lease components from the non-lease components such as: management services, maintenance services and more, which are included in the same transaction.

At the commencement date, lease liability includes all unpaid lease payments discounted at the interest rate grossed up in the lease when it is easily determinable or at the Company's additional interest rate. After initial recognition, the Company measures the lease liability using the effective interest method.

The right-of-use asset in the commencement date is recognized at the lease liability amount plus lease payments paid on or before the commencement date plus incurred transaction costs.

The right of use asset other than an asset classified as investment property (see p) is measured using the cost model and amortized over its useful life, or the lease term, whichever is shorter. When indicators of impairment are present, the Company tests impairment of right of use asset in accordance with IAS 36. The non-cancellable lease period also includes periods covered by the option to extend the lease when it is reasonably certain that the extension option will be exercised and also periods covered by the option to cancel the lease when it is probable that the option to cancel will not be exercised.

The accounting policies applied until December 31, 2018 for leases is as follows:

The criteria for classifying a lease as finance lease or operating lease are based on the nature of the agreements and are examined at the agreement date in accordance with the principles set forth below in IAS 17.

1. Finance lease

Lease of land under investment property presented at fair value is accounted for as finance where the leased asset at the commencement of the lease term is measured at the lower of the fair value of the leased asset or at the present value of the minimum lease payments. Upon initial recognition, the leased asset is accounted for according to the accounting policy applicable for this type of asset.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2. Operating lease

Lease agreements are classified as an operating lease if they do not transfer substantially all the risks and benefits incidental to ownership of the leased asset. Lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term. recognized as an expense in profit or loss on a straight-line basis over the lease term.

o. Business combinations and goodwill:

Business combinations are accounted for by applying the acquisition method. The cost of the acquisition is measured at the fair value of the consideration transferred on the acquisition date with the addition of non-controlling interests in the acquiree. In each business combination, the Company chooses whether to measure the non-controlling interests in the acquiree based on their fair value on the acquisition date or at their proportionate share in the fair value of the acquiree's net identifiable assets.

Direct acquisition costs are carried to the statement of profit or loss as incurred.

In a business combination achieved in stages, equity interests in the acquiree that had been held by the acquirer prior to obtaining control are measured at the acquisition date fair value while recognizing a gain or loss resulting from the revaluation of the prior investment on the date of achieving control.

Contingent consideration is recognized at fair value on the acquisition date and classified as a financial asset or liability in accordance with IFRS 9. Subsequent changes in the fair value of the contingent consideration are recognized in profit or loss. If the contingent consideration is classified as an equity instrument, it is measured at fair value on the acquisition date without subsequent remeasurement.

Goodwill is initially measured at cost which represents the excess of the acquisition consideration and the amount of non-controlling interests over the net identifiable assets acquired and liabilities assumed. If the resulting amount is negative, the acquirer recognizes the resulting gain on the acquisition date.

p. Investment property:

An investment property is property (land or a building or both) held by the Group (including right of use assets – see section o) to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services, for administrative purposes or for sale in the ordinary course of business.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The group applied the fair value model for both of them.

Investment property is measured initially at cost, including costs directly attributable to the acquisition. After initial recognition, investment property is measured at fair value which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair values of investment property are included in profit or loss when incurred. Investment property is not systematically depreciated.

Transfer of a property from investment property to inventories is made at the inception of development with the intention of selling the property. The cost considered for accounting treatment on the transition date is the fair value at the time of change on realization.

Investment property is derecognized on disposal or when the investment property ceases to be used and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of the disposal.

Investment property in development designated for future use as investment property is also measured at fair value provided that fair value can be measured reliably. When fair value cannot be measured reliably due to the nature and scope of the project's risks, it is measured at cost net of impairment losses, if any, until fair value can be measured reliably or construction completion, whichever is earlier. Cost base of investment property in development includes the cost of land plus borrowing costs used to finance construction, direct planning and development costs and brokerage fees in respect of agreements for its rental.

q. Property, plant and equipment:

Property, plant and equipment are measured at cost, including directly attributable costs, less accumulated depreciation, accumulated impairment losses excluding day-to-day servicing expenses.

Depreciation is calculated on a straight-line basis over the useful life of the assets which is usually three years.

r. Borrowing costs in respect of qualifying assets:

The Group capitalizes borrowing costs that are attributable to the construction of qualifying assets.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, comprising of tangible and inventories that require a substantial period of time to bring them to a saleable condition.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The capitalization of borrowing costs commences when expenditures for the asset are being incurred, borrowing costs are being incurred and the activities to prepare the asset are in progress and ceases when substantially all the activities to prepare the qualifying asset for its intended use or sale are complete. Borrowing costs are capitalized to assets for which transfer of control to the customer is carried out over time until the date the asset is qualified for sale. The amount of borrowing costs capitalized in the reporting period includes specific borrowing costs and general borrowing costs based on a weighted capitalization rate.

s. Asset or group of assets and liabilities held for sale

Asset or group of assets and liabilities are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets must be available for immediate sale in their present condition, the Company must be committed to sell, there must be a program to locate a buyer and it is highly probable that a sale will be completed within one year from the date of classification. The Group's policy on investment property is to classify these assets as held for sale only when there is a contract for selling these assets. From the date of such initial classification, these assets are no longer depreciated and are presented separately as current assets at the lower of their carrying amount and fair value less costs to sell other than investment property presented at fair value.

When an entity no longer plans to sell an asset in a sale transaction, it ceases the classification of the asset as held for sale and measures it at the lower of its carrying amount had it not been classified as held for sale or the recoverable amount of the asset on the date of the decision not to sell the asset.

t. Taxes on income:

Current or deferred taxes are recognized in the statement of profit or loss except to the extent that the tax arises from items which are recognized directly in other comprehensive income or in equity.

1. Current taxes:

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period as well as adjustments required in connection with the tax liability in respect of previous years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2. Deferred taxes:

Deferred taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes.

The Group does not create deferred taxes for temporary differences resulting from initial recognition of an asset or liability as part of a transaction that is not a business combination when on the transaction date initial recognition of an asset or liability does not affect accounting profit and taxable income (loss for tax purposes).

Deferred taxes are measured at the tax rates that are expected to apply when the asset is disposed or the liability is extinguished, based on tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is not probable that they will be utilized. Also, temporary differences for which deferred tax assets have not been recognized are reassessed and deferred tax assets are recognized to the extent that their recoverability has become probable.

Taxes that would apply in the event of the disposal of investments in investees have not been taken into account in computing deferred taxes, as long as the disposal of the investments in investees is not probable in the foreseeable future. Also, deferred taxes that would apply in the event of distribution of earnings by investees as dividends have not been taken into account in computing deferred taxes, since the distribution of dividends does not involve an additional tax liability or since it is the Company's policy not to initiate distribution of dividends that would trigger an additional tax liability.

- Deferred taxes are offset in the statement of financial position if there is a legally enforceable right to offset a current tax asset against a current tax liability and the deferred taxes relate to the same taxpayer and the same taxation authority.

u. Revenue recognition:

Effective from January 1, 2018, the Company applies IFRS 15 - – revenues from contracts with customers (the standard).

The accounting policies applied until December 31, 2018 in respect of revenue recognition are as follows:

Revenue recognition

Revenue from contracts with customers is recognized when the control over the goods or services is transferred to the customer. The transaction price is the amount of the consideration that is expected to be received based on the contract terms, excluding amounts collected on behalf of third parties (such as taxes).

Revenues from the rendering of services (including asset management fees):

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Revenues from the rendering of services are recognized by reference to the stage of completion at the end of the reporting period. Under this method, revenues are recognized in the accounting periods in which the services are rendered. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Revenues from sale of residential apartments

The Company recognizes the residential apartment as performance obligation. The Company estimates that in the framework of the contracts with its customers no asset with alternative use was resulted to the Company, and also has a payment right which is enforceable for the performance completed until that date. Therefore, in accordance with the new standard, the Company recognizes revenue from these contracts over time, according to the contract performance pace.

In addition, the Company applies among others the following issues regarding revenues from the sale of residential apartments:

1. Measurement unit – the Company determined that the measurement unit will be a residential apartment the object of the sale contract with the customer.
2. Determining the transaction price - the company is required to determine the transaction price separately for each contract with a customer. Upon exercising such judgment, the Company estimates the impact of any variable consideration in the contract, taking into account discounts, fines, changes, claims, and the existence of a significant financing component of the contract as well as non-cash consideration.
3. Measurement of performance progress - for the purpose of measuring performance progress, the company implements the input method (Input Method), irrespective of the costs that do not reflect the progress of such performance, such as land surcharges and credit costs. Usually, delivery of a specific residential apartment cannot be made before the construction of the entire building is completed. Therefore, the Company will determine the performance progress rate under which revenue for each specific sale contract is recognized according to the progress rate of the entire building.

In order to implement the input method, the Company is required to estimate the costs necessary to complete the project in order to determine the amount of revenue recognized. These estimates include the direct and indirect costs attributed directly to performing the contract and are allocated on the basis of a reasonable burden key.

4. The existence of a significant finance component in the contract - in order to examine the existence of a significant finance component in the contract, the Company expects to select a practical relief in the new standard where the consideration amount for the financing component cannot be adjusted when on the contract date it is expected that the period between the date of receipt of the consideration and the date of revenue recognition does not exceed one year. In cases of receiving long term advances (over one year), the Company will accrue interest on the advances over the expected contract period when there is a significant financing component contract as defined in the new standard. With

the realization of advances, the Company will recognize accrued interest as income from the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

sale of apartments.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

5. Warranty – as part of the Company's contracts with its customers, it provides its customers with warranty services, in accordance with the provisions of the law and in accordance with the accepted practice in the sector. Warranty services are provided to ensure the quality of the work performed and not as additional service provided to the customer. Accordingly, the Company recognizes in its financial statements a provision for warranty in accordance with the provisions of IAS 37, similar to the current treatment used until December 31, 2017.
6. Onerous contracts - A provision for onerous contracts is recognized when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received by the Group from the contract. The provision is measured at the lower of the present value of the anticipated cost for cancelling the contract and the present value of the net anticipated cost of fulfilling it. The Company will review frequently the need for making a provision for onerous contract according to the requirements of IAS 37 which are relevant to all contracts in which revenue is recognized according to IFRS 15.

v. Reporting revenues using gross basis or net basis:

In cases where the Group acts as an agent or as a broker without being exposed to the risks and rewards associated with the transaction, its revenues are presented on a net basis. However, in cases where the Group operates as a principal supplier and is exposed to risks and rewards associated with the transaction, its revenues are presented on a gross basis.

According to the Group's activity, it bears the risks stemming from revenues from property management and therefore, the Company recognizes its revenues on a gross basis.

x. Finance income and expenses:

Finance income comprises interest income on amounts invested. Changes in fair value of financial assets at fair value through profit or loss also include revenues from dividends and interest.

Finance expenses comprise interest expenses on loans received, changes in fair value of financial assets and financial liabilities measured at fair value through profit or loss and impairment losses of financial assets and losses on hedges recognized in profit or loss. Borrowing costs that are not capitalized to qualifying assets are recognized in profit or loss using the effective interest method.

Gains and losses on exchange rate differences, indexing and currency hedging transactions are reported on a net basis separately.

y. Operating segments:

An operating segment is a component of the Group that meets the following three criteria:

1. is engaged in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to intragroup transactions;

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
3. for which separate financial information is available.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

- z. Earnings (loss) per share:

Earnings per share are calculated by dividing the net income attributable to equity holders of the Company by the weighted number of Ordinary shares outstanding during the period. Basic earnings per share only include shares that were actually outstanding during the period (treasury shares are not included).

- aa. Provisions

A provision in accordance with IAS 37 is recognized when the group has present legal or constructive obligation as a result of a past event, it is expected that the use of economic resources will be required to settle this obligation and a reliable estimate can be made of the amount of the obligation. In case the effect is material, provisions are measured with capitalized expected future cash flows using pre-tax interest rate reflecting market estimates regarding the time value of money and in certain cases, the risks specific to the obligation.

Following are the types of provisions included in the financial statements:

Legal claims: A provision for claims is recognized when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources embodying economic benefits will be required by the Group to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, a provision is measured at its present value.

- bb. Marketing expenses:

Expenditures incurred on advertising, marketing or promotional activities, such as production of catalogues and promotional pamphlets, are recognized as an expense when the Group receives those services.

- cc. Treasury shares:

Company shares held by the Company and/or subsidiaries are recognized at cost of purchase and presented as a deduction from equity. Any gain or loss arising from a purchase, sale, issue or cancellation of treasury shares is recognized directly in equity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

dd. Impairment of non-financial assets

The Company evaluates the need to record an impairment of the carrying amount of non-financial assets whenever events or changes in circumstances indicate that the carrying amount is not recoverable. If the carrying amount of non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount. The recoverable amount is the higher of fair value less costs of sale and value in use. In measuring value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. The recoverable amount of an asset that does not generate independent cash flows is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An impairment loss of an asset, other than goodwill, is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Reversal of an impairment loss, as above is limited to the lower of the impairment loss previously recognized (net of depreciation or amortization) or its recoverable amount. The reversal of impairment loss of an asset presented at cost is recognized in profit or loss.

In investment in associate or joint venture, after application of the equity method, the Company determines whether it is necessary to recognize any additional impairment loss with respect to the investment in associates or joint ventures. The Company determines at each reporting date whether there is objective evidence that the carrying amount of the investment in the associate or the joint venture is impaired. The test of impairment is carried out with reference to the entire investment, including the goodwill attributed to the associate or the joint venture.

ee. Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

All assets and liabilities measured at fair value or for which fair value is disclosed are categorized into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within Level 1 that are observable directly or indirectly.

Level 3 - inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

ff. Initial adoption of new financial reporting standards and amendments to existing accounting principles:

1. Amendment to IFRS 3 – Business combinations

In October 2018, the IASB issued an amendment to the definition of "business" in International Financial Reporting Standard 3 Business Combinations (the amendment).

The amendment includes a clarification that in order to be considered a "business", a system of activities and assets that have been acquired will include at least a material input and process that collectively contribute significantly to the ability to generate outputs. In addition, the amendment clarifies that a business can exist even without all inputs and processes required to generate outputs. The amendment includes an optional test whereby a company can determine that a business acquisition is not involved without the need for additional tests.

The amendment is applied for the first time for business combinations and asset purchase transactions the acquisition date of which applies from January 1, 2020 and thereafter.

The initial adoption of the amendment did not have a material effect on the Company's financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2. Amendments to IFRS 7, IFRS 9 and IAS 39

In September 2019, the IASB issued amendments to the International Financial Reporting Standard 9 Financial Instruments, to the International Financial Reporting Standard 7 Financial Instruments: Disclosures and to the International Accounting Standard 39 Financial Instruments: Recognition and Measurement (the Amendment).

The amendment provides temporary benefits for companies that implement hedge accounting based on IBORs interest rates and are affected by the uncertainty surrounding the expected benchmark interest rate reform. This interest rate reform leads to uncertainty regarding the dates and amounts relevant to future cash flows related to both hedging instruments and hedged items.

The amendment is applied effective from January 1, 2020.

The amendment had no effect on the Company's financial statements as of January 1, 2020 as the Company does not carry out hedging transactions in substantial amounts based on the IBORs interest rates where the timing of the reform may have an effect on such transactions.

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

1. Improvements project in international standards for 2018-2020

On May 14, 2020, the International Accounting Standards Board (IASB) issued a group of several amendments beginning on January 1, 2022, which are focused and narrow amendments to International Accounting and Financial Reporting Standards, including the publication of the Annual Improvement of International Financial Reporting Standards Project (2020-2018). The purpose of publishing such amendments is to clarify existing texts or to amend and address applied implications, omissions or aspects that create conflicts between requirements that appear in the various standards. In the Group's assessment, no material effect on the Group's financial statements is expected as a result of the implementation of these amendments.

2. **Amendment to IAS 1 "Presentation of Financial Statements" (Regarding the classification of liabilities as current or non-current)**

The amendment clarifies the existing requirements for classifying liabilities as current or non-current in the statement of financial position.

The amendment will take effect in reporting periods beginning on January 1, 2023. Early adoption permitted. The amendment will be applied retrospectively, including an amendment to comparative figures.

The Group has not yet begun examining the implications of applying the amendment to the financial statements.

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

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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

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

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

Also, the amendments allow the changes required by the IBOR reform to be made to the hedge designation and documentation without causing the hedging relationship to cease when certain conditions are met. The amendments also provided temporary practical relief in connection with the implementation of hedge accounting relating to the identification of the risk defined as 'identifiable separately'.

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

The amendments will be implemented from annual periods beginning on or after January 1, 2021 or thereafter. The amendments will be applied retrospectively, however restatement of comparative figures is not required. Early adoption is permitted.

At this stage, the Company is examining the accounting consequences, if any, of the transition from IBOR interest rates to RFR interest rates on financial instruments contracts that are expected to exist at the time of transition, including the effects of implementing the above amendments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3: - CASH AND CASH EQUIVALENTS

	December 31,	
	2020	2019
	Euros in thousands	
Cash on hand (1)	25,458	36,391
Short-term deposits (2)	9,356	8,018
	<u>34,814</u>	<u>44,409</u>

- (1) As of December 31, 2020, the Company's balance is approximately € 769 thousand denominated in NIS (2019- approximately € 933 thousand denominated in NIS). A balance of about € 264 thousand is presented as cash and cash equivalents, while a balance of about € 505 thousand is presented as restricted bank accounts (see note 4 below). The remaining deposits are denominated in Euro.
- (2) As of December 31, 2020, short-term deposits do not bear annual interest.

NOTE 4: - RESTRICTED DEPOSITS FINANCIAL ASSETS AND OTHER RECEIVABLES

	December 31,	
	2020	2019
	Euros in thousands	
Deposits and restricted bank accounts (1)	12,891	60,900
Prepaid expenses	144	385
Financial assets - currency hedging transactions (see Note 14a)	-	1,635
Government authorities	998	2,025
Receivables in respect of sale of investment property	245	2,276
Other receivables and debit balances	1,681	1,135
	<u>15,959</u>	<u>68,356</u>

- (1) As of December 31, 2020, balances do not bear interest.

NOTE 5: - TENANTS AND TRADE RECEIVABLES, NET

	December 31,	
	2020	2019
	Euros in thousands	
Open debts and accrued income	9,105	9,067
Less - allowance for doubtful accounts	(7,706)	(8,562)
Tenants and trade receivables, net	<u>1,399</u>	<u>505</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5: - TENANTS AND TRADE RECEIVABLES, NET (Cont.)

The following is the movement in allowance for doubtful accounts:

	December 31,	
	2020	2019
	Euros in thousands	
Balance as of January 1	8,562	7,413
<u>Changes during the year</u>		
Allowance during the year	1,217	2,672
Recognition of bad debts that were written off	<u>(2,073)</u>	<u>(1,523)</u>
Balance as of December 31	<u>7,706</u>	<u>8,562</u>

As of December 31, 2020, out of total tenants and trade receivables while taking into account trade receivables for which no provision was made the amount of € 1,235 thousand (€ 175 thousand as of December 31, 2019) is in arrears.

NOTE 6: - INVENTORY OF BUILDINGS UNDER CONSTRUCTION AND INVENTORY OF REAL ESTATE

As of December 31, 2020, inventory of buildings under construction and inventory of real estate refers to the Company's project in Düsseldorf, Germany.

- a. Composition of inventory of buildings under construction – current assets

	December 31,	
	2020	2019
	Euros in thousands	
Cost of real estate	14,119	35,267
Cost of local business tax	-	174
Cost of construction	29,801	57,346
Cost of sale in respect of income recognized	<u>(41,443)</u>	<u>(63,476)</u>
	<u>2,477</u>	<u>29,311</u>

Grafental project in Dusseldorf for constructing residential neighborhood: the development of the neighborhood is carried out in several stages. The balance as of December 31, 2020 derives from stage H which is in construction stages.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6: - INVENTORY OF BUILDINGS UNDER CONSTRUCTION AND INVENTORY OF REAL ESTATE (Cont.)

- b. Composition of inventory of real estate and inventory of real estate under construction – noncurrent assets

	December 31,	
	2020	2019
	Euros in thousands	
Cost of real estate	39,472	42,693
Cost of local business tax	8,396	6,002
Cost capitalized to real estate	4,682	23,073
	<u>52,550</u>	<u>71,768</u>

- 1) Grafental project in Dusseldorf - as of December 31, 2020, EUR 8,311 thousand represents inventory of real estate under construction – stage I which is in advanced construction stages. The Company designates Stage I for rental, however, the conditions for its classification to investment property have not yet been met, so Stage I is presented as part of the non-current inventory. Inventory balance as of December 31, 2020 classified in long term noncurrent assets is for future stages in the project the Company has not yet commenced its construction.

NOTE 7: - INVESTMENTS AND LOANS IN COMPANIES ACCOUNTED AT EQUITYInformation on jointly controlled company measured at equity

Name of company/partnership	Country of incorporation	Principal place of business	Nature of relationship (1)
Brack capital (Chemnitz) BV	The Netherlands	Germany	Ownership (1)
NFB SUD GmbH & Co. KG	Germany	Germany	Ownership (2)
Glasmacherviertel GmbH & Co. KG	Germany	Germany	Ownership (3)

- (1) The Company has a joint control agreement with the partner. The Company holds 60% of the shares of the jointly controlled company and 50% of the voting rights of the jointly controlled company. The jointly controlled company holds a commercial income generating real estate asset in Germany.
- (2) The Company had an agreement for joint control of a sub-subsidiary which held land for residential development in Germany. The Company held 50% of the shares in the sub-subsidiary and 50% of the rights in the sub-subsidiary. Following discussions with the partner, it was agreed to dissolve the joint control and selling the asset to the partner and the Company recognized a profit of approximately EUR 2.1 million during the third quarter of 2020 for its share in the sub-subsidiary.

NOTE 7: - INVESTMENTS AND LOANS IN COMPANIES ACCOUNTED AT EQUITY(Cont.)

- (3) On September 22, 2019, the Company entered into an agreement with a third-party purchaser who is unrelated to the Company and is real estate investor focusing on real estate projects in Germany for selling 75% of its holdings in the sub partnership, which owns the Gerresheim development project (a land with an area of 193 thousand square meters in Dusseldorf, Germany) for a consideration reflecting a property value of € 375 million as detailed below.

On December 26, 2019, an amended agreement was signed, whereby the consideration payment mechanism was adjusted as follows: upon the signing date of the amended agreement, the sub-partnership was paid EUR 132 million, originating from a new bank loan the sub-partnership has taken (it is indicated that the Company guaranteed this loan) of which EUR 90 million was used to repay the existing bank loan taken in connection with the development of the project and the balance of the transaction (less transaction costs) of EUR 36 million was paid to the Company in cash as the first payment of the sale proceeds as defined in the amended agreement and was held in a restricted account until the approval of the German competition authorities is received. The loan taken on the date of the amended agreement, bore annual interest of 4% above the Euribor interest for 3 months and was payable on June 27, 2020. This loan was refinanced during June 2020 by two loans totaling approximately EUR 147.5 million. The new loans bear a weighted average interest rate of 4.54% during the first year of the loans and a weighted average interest rate of 5.15% during the second year of loans. The loans are repayable on June 1, 2022, with the Company guaranteeing approximately 13.2% of the balance of the loans. Transaction costs incurred by the sub partnership in respect of the two new loans amount to EUR 4.5 million. On February 28, 2020, the Company obtained the approval of the German Anti-Trust Authority and accordingly, on March 31, 2020, the transfer of the first part of the consideration in the amount of EUR 36 million was completed (originating in a loan taken by the asset company).

The consideration balance between EUR 120 million and EUR 175 million will be paid to the Company in three instalments in accordance with the fulfilment of the transaction terms (the main of which is the publication of a zoning plan) and obtaining building permits in scopes as detailed in the agreement. It should be indicated that the terms of the agreement allow the Company to rescind the agreement. In addition, the parties have the right to rescind the agreement, among others if the performance conditions are not carried out at the dates specified in the agreement and the provisions regarding the parties' rights to compensation in case of breaching the agreement by the other party (and particularly provisions regarding an agreed compensation to the Company in case of breaching the agreement by the purchaser).

In view of the fulfilment of the first condition of the above agreement - obtaining approval from the competition authorities in Germany, 75% of the shares of the sub- partnership were transferred to the purchaser and joint control agreement of the parties came into force and therefore the Company ceased to consolidate the financial statements of the asset company. The investment balance in the asset company is presented in the section of investments and loans in companies accounted at equity and as of December 31, 2020 amount of approximately EUR 18,797 million. Payment of the consideration balance of the to the Company is conditional upon the occurrence of events that are not under the full control of the Company (such as building permits, etc.) and therefore the Company has not yet recognized a profit in respect of the sale transaction.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: - INVESTMENTS AND LOANS IN COMPANIES ACCOUNTED AT EQUITY(Cont.)

with respect to summary of assets and liabilities of the asset company as of the date of loss of control and deconsolidation – see appendix A of the statement of cash flows.

NOTE 8: - INVESTMENT PROPERTY - RIGHTS IN REAL ESTATE AND INCOME GENERATING ASSETSa. Composition and movement

	December 31,	
	2020	2019
	Euros in thousands	
Balance as of January 1	1,185,568	1,474,965
<u>changes during the year</u> (see also section f)		
Purchases and additions during the year	19,741	18,111
Realization of investment property	(15,000)	(95,189)
Classification of real estate inventory to investment property	29,638	-
Realization of investment property from deconsolidation of subsidiaries	-	(180,598)
Classification of asset as held for sale	(17,338)	(54,155)
Fair value adjustment	83,737	22,434
Balance as of December 31	<u>1,286,346</u>	<u>1,185,568</u>

Investment property consists of commercial and residential real estate projects leased to third parties, and lands designated for betterment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8: - INVESTMENT PROPERTY - RIGHTS IN REAL ESTATE AND INCOME GENERATING ASSETS (Cont.)

Presentation in the statement of financial position

	December 31,	
	2020	2019
	Euros in thousands	
Investment property - real estate rights	60,900	62,218
Investment property - income generating assets	<u>1,225,446</u>	<u>1,123,350</u>
Balance as of December 31	<u><u>1,286,346</u></u>	<u><u>1,185,568</u></u>

- b. Investment property is stated at fair value, as determined in valuations generally performed by independent outside appraisers who hold recognized and relevant professional qualifications and who have extensive experience in the location and category of the property being valued. The fair value was determined based on estimated future cash flows from the property. In estimating cash flows, their inherent risks and limitations of rental fees are taken into account where they are capitalized at a rate of return that reflects the risks entailed in the cash flows, which is determined taking into account the market rate of return, whilst adapting it to the specific characteristics of the property and the level of risk of the revenues expected from it. Where it is not possible to rely on transactions recently executed with reference to similar real estate in similar locations, in valuing real estate owned by the Company, the value estimates are carried out using a residual approach, as deemed correct by the value appraiser. Determining this value is based on an estimate of future revenues expected from the completed project, using rates of return that are adapted to the relevant significant risks entailed in the construction process, including building and rental risks, which are higher than the current return on similar investment real estate the construction of which has been completed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8: - INVESTMENT PROPERTY - RIGHTS IN REAL ESTATE AND INCOME GENERATING ASSETS (Cont.)

- c. Significant assumptions (based on weighted averages) that were used in valuation estimated are as follows:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
<u>Lands for betterment, Düsseldorf, Germany *</u>		
Expected sale price per sq.m (in Euro)	10,592	10,592
Expected construction costs per sq.m (in Euro)	4,456	4,456
<u>Income-generating residential real estate</u>		
Discount rate (%) **	5.03	4.65
Cap rate (%) **	3.62	5.07
Long-term vacancy rate (%)	2.01	3.17
Representative monthly rental fees per sq. m. (in Euros)	7.41	8.28
<u>Income-generating commercial real estate</u>		
	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Discount rate (%) **	6.90	5.25
Cap rate (%)**	5.98	5.47

*) Represents the valuation data of the land, on which the Company plans to build luxury apartments. Land value as of December 31, 2020 amounted to € 46.7 million. In addition, the Company has a land valued at € 3.6 million as of December 31, 2020, the planned use of which will be subject to rent control.

**) It is noted that according to the methodology applied in the valuations, the estimated cash flow for the first 10 years are capitalized based on the Discount Rate basis. Cash flows effective from the eleventh year onwards are capitalized based on the Cap Rate basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8: - INVESTMENT PROPERTY - RIGHTS IN REAL ESTATE AND INCOME GENERATING ASSETS (Cont.)

- d. Fair value adjustment of investment property (level 3 in the fair value hierarchy):

All investment properties – rights to real estate and income generating assets are classified in level 3 other than specific assets for which a binding sale agreement is in place which are classified in the fair value hierarchy in level 1. See Note 15.

Sensitivity analysis

The following is a sensitivity analysis of investment property at capitalization rate based on standardized NOI:

Based on NOI of €49.1 million (standardized NOI) any change of 25 points at the capitalization rate (Cap rate) over fair value adjustment is € 76.7 million.

- e. Regarding charges see Note 18a.
- f. Sales and change in classification of investment property during the year
1. On June 28, 2019, the Company entered into a transaction to sell assets from the Company's commercial income-producing real estate portfolio for EUR 128.6 million. As a result of the aforementioned contract, the Company recognized a loss of EUR 9 million from adjusting the net value of assets and liabilities presented in the Company's statements to the sale proceeds (excluding transaction costs) and an additional loss of EUR 4 million, net of tax, 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; on December 31, 2019, April 30, 2020 and June 30, 2020, the sale of part of the assets that are included in the transaction was completed finally.

The completion of the remaining asset that is included in the transaction is expected to be carried out in 2021.

Accordingly, the assets and liabilities of the subsidiaries the sale of which was not yet completed finally were classified in the statement of financial position as of December 31, 2020 as assets and liabilities of disposal group held for sale as follows:

<u>Assets classified as held for sale</u>	<u>EUR in thousands</u>
Investment property held for sale	9,905
Trade receivables and other receivables	441
	<u>10,346</u>
 <u>Liabilities classified as held for sale</u>	
Accounts payable	3,327
Provision for deferred tax	42
	<u><u>3,369</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8: - INVESTMENT PROPERTY - RIGHTS IN REAL ESTATE AND INCOME GENERATING ASSETS (Cont.)

2. On January 30, 2020, the Company sold an additional asset of the Company's commercial income generating portfolio, totaling approximately € 4.1 million. As part of the Company's strategy of leverage reduction, the entire consideration balance from the sale was used to repay shareholders' loan.
3. In the first quarter of 2020 following the completion of Stage E in Grafental project and the beginning of its rental EUR 26 million was classified from inventory to investment property.
4. On August 25, 2020, the Company entered into agreement for selling an additional asset of the Company's commercial income generating portfolio, totaling approximately € 15 million. The sale of the asset was completed on October 30, 2020 and the entire consideration balance from the sale was used to repay shareholders' loan.
5. On November 5, 2020, the Company entered into agreement for selling an additional asset of the Company's commercial income generating portfolio, totaling approximately € 11 million. The sale of the asset was completed after the balance sheet date, January 29, 2021.

Accordingly, the assets and liabilities of the Company holding the asset were classified in the statement of financial position as of December 31, 2020, as assets and liabilities of disposal group held for sale as follows:

<u>Assets classified as held for sale</u>	<u>EUR in thousands</u>
Investment property held for sale	10,988
Trade receivables and other receivables	<u>21</u>
	<u>11,009</u>
<u>Liabilities classified as held for sale</u>	
Provision for deferred tax	<u>565</u>
	<u>565</u>

6. On December 30, 2020, the Company entered into agreement for selling an additional asset of the Company's commercial income generating portfolio, totaling approximately € 6.4 million. The sale of the asset is expected to be completed in 2021.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8: - INVESTMENT PROPERTY - RIGHTS IN REAL ESTATE AND INCOME GENERATING ASSETS (Cont.)

Accordingly, the assets and liabilities of the Company holding the asset were classified in the statement of financial position as of December 31, 2020, as assets and liabilities of disposal group held for sale as follows:

<u>Assets classified as held for sale</u>	<u>EUR in thousands</u>
Investment property held for sale	6,350
Trade receivables and other receivables	<u>116</u>
	<u>6,466</u>
<u>Liabilities classified as held for sale</u>	
Accounts payable	<u>27</u>
	<u>27</u>

7. The Company owns an income generating residential real estate where all of its lease agreements are shorter than one year. As of December 31, 2020, the Company has residential lease agreements reflecting an annual rental income of € 53.8 million. In addition, the Company has an income generating commercial real estate consisting of assets leased to third parties generating EUR 9.4 million during the year and rental payments expected in 2021 are expected to amount to EUR 4.9 million.

NOTE 9: - OTHER ACCOUNTS RECEIVABLE AND OTHER FINANCIAL ASSETS

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
	<u>Euros in thousands</u>	
Restricted bank accounts and other receivables	106	84
Fixed assets and others	<u>153</u>	<u>244</u>
	<u>259</u>	<u>328</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10: - OTHER ACCOUNTS PAYABLE AND OTHER FINANCIAL LIABILITIES

	December 31,	
	2020	2019
	Euros in thousands	
Expenses payable	1,500	2,001
Interest payable	621	1,496
Trade payables	770	1,391
Deposits from tenants	7,780	7,616
Government authorities	95	609
Tax provision, net	7,189	4,243
Expenses payable for completion of project under development	811	1,817
Payables in respect of purchase of real estate	1,223	3,881
Prepaid income	665	691
Other payables and other financial liabilities	318	218
	<u>20,972</u>	<u>23,963</u>

NOTE 11: - LOANS FROM BANKS AND DEBENTURES

a. Composition

	interest rate as of December 31, 2020	December 31,	
		2020	2019
	%	Euros in thousands	
Loans at variable interest from banks presented at amortized cost	(*)	43,624	102,200
Loans at fixed interest from banks presented at amortized cost	(**)	383,400	376,726
Debentures linked to CPI (sections d and (f) – amortized cost	(***)	<u>72,980</u>	<u>100,419</u>
		500,004	579,345
Less - current maturities for bank loans****		(130,739)	(57,275)
Less- current maturities for bonds		(10,013)	(25,780)
Less – loans from banks for financing inventory of buildings under construction		-	<u>(5,747)</u>
		<u>359,252</u>	<u>490,543</u>

(*) interest rate for loan at variable interest: Euribor+1.54%.

(**) interest rate for loans at fixed interest: 1.16% - 1.88%.

(***) interest rate on bonds: 3.29%-3.30%. Principal and interest are linked to Israeli CPI. Debentures are traded on TASE.

(****) As to refinancing the loan after the date of statement of financial position see Note 25(1).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11: - LOANS FROM BANKS AND DEBENTURES (Cont.)

b. Movement:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
	<u>Euros in thousands</u>	
Balance as of January 1	579,345	870,612
Receipt of loan, net (see section c below)	18,958	339,279
Repayment of debentures	(25,706)	(18,679)
Repayment of loans	(70,545)	(393,266)
Classification to liabilities held for sale	-	(142,396)
Deconsolidation	-	(97,754)
Cost of receiving loans amortizations and others	(837)	11,439
Exchange differences	(1,211)	10,110
	<u>500,004</u>	<u>579,345</u>
Balance as of December 31		

c. Additional information on loans taken in the reported period:

In 2020, the Company took loans totaling EUR 18,958 thousand that were fully used in the Company's development activity in Dusseldorf. Out of this amount, EUR 16,400 thousand was repaid in the period of the statement of financial position.

- d. In 2011 and 2012, the Company issued NIS 400 million of debentures (Series A) par value NIS 1 each by 2 IPOs and 1 private issuance. The debentures bear a yearly average interest denominated at 4.8% linked to the Consumer Price Index and paid every six months (effective interest of 5.53%). The debentures are payable in 7 equal annual principal payments on July 14 of each of the years between 2014 and 2020 (inclusive).

On March 31, 2020, the Company's Board of Directors decided on early and full redemption of the Company's bonds (Series A). On April 20, 2020, early and full redemption of the Company's bonds (Series A) was carried out and a consideration of NIS 61,776 thousand including accrued interest (EUR 15,882 thousand) was paid to the Company's bondholders (Series A). The final redemption amount reflected compensation for early redemption in a total amount of approximately NIS 387 thousand (EUR 100 million) which was included in finance expenses for the period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11: - LOANS FROM BANKS AND DEBENTURES (Cont.)

- e. On May 21, 2013, the Company issued to the public in Israel new series (series B) of non-convertible to shares debentures in a total amount of NIS 175 million par value by way of uniform offer according to a shelf prospectus report dated May 19, 2013. The debentures bear annual interest of 3.29% (payable in semiannual payments in June and December effective December 2013) and are linked to the CPI as of April 2013. The debentures (series B) will be payable (principal) in unequal annual 12 installments on December 31 in each of the years 2013 through 2024 (inclusive) such that each payment of the first 7 payments will constitute 4% of the principal of the total par value of the debentures (series B) and each payment of the last 5 payments will constitute 14.4% of the principal of the total par value of the debentures (series B). In addition, on January 27, 2014, the Company's Board of Directors approved a private placement of 72 million debentures (Series B) of NIS 1 par value, listed for trade, to 10 institutional investors (the offerees) by expanding the existing debenture series of the Company (Series B) listed for trade ("the offered securities" and "the private placement"). As of December 31, 2020 the par value balance of the debentures (Series B) is NIS 144,000 thousand. The Company has undertaken that so long as the debentures (Series B) are still outstanding:
1. Equity attributable to Company shareholders shall not fall below €150 million.
 2. No distribution of dividends, distribution of capital or share buy-back shall take place if as a result the equity attributed to Company shareholders falls below €160 million and/or debt ratio to CAP will exceed 70%.
 3. The ratio between the Company's total net financial liabilities that are:
 - a. Company obligations for the repayment of loans with recourse.
 - b. The Company's obligations for the repayment of debentures (Series A and B) and other debentures, if any.
 - c. The Company's obligations to repay other loans the repayment date of which falls during the period of the debentures (Series B).
 - d. Any debt of the Company's subsidiaries towards a third party is pledged by a lien, but no more than the value of the pledged asset.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11: - LOANS FROM BANKS AND DEBENTURES (Cont.)

All less cash, cash equivalents and short-term investments, and the Company's total equity (including non-controlling rights) plus:

- a. The Company's total net financial liabilities (as defined above).
- b. Any loan received by the Company from any party that according to its conditions is subordinate in its repayment levels to the debentures (Series B) and which cannot be repaid (principal and/or interest) over the course of the debentures' (Series B) period.
- c. Reductions in value listed pursuant to the Consolidated Financial Statements (if any) for the assets pledged to guarantee loans of sums exceeding the borrower's recourse right.

Shall not exceed 75%

4. The ratio between the value of the shares of subsidiary BGP as defined in the deed of trust pledged to guarantee the repayment of debentures (Series B) calculated on the basis of the subsidiary's equity (attributed to Company shareholders) and the Company's debts to the holders of the debentures (Series B) defined as the balance of the debentures' (Series A) principal plus interest and linkage accumulated and not yet paid, shall not fall below 175%.

As of December 31, 2020, the Company is in compliance with said financial covenants.

- f. In July 2014, the Company completed the issuance to the public in Israel new series (series C) of debentures par value NIS 102,165,000 under the shelf prospectus report dated July 20, 2014. The annual interest rate determined in the tender, which was held on July 21, 2014, is 3.3%.

The interest on the debentures (series C) will be paid in two semiannual installments on January 20 and July 20 of each of the years 2015 – 2026 (inclusive) effective January 20, 2015. In addition, on April 4, 2016, the Company completed an issuance to the public in Israel of 60,058,000 debentures (series C) of NIS 1 listed for trade by expanding existing series of debentures (series C). The debentures (series C) will be linked to the CPI and payable (principal) in unequal annual 12 installments on July 20 in each of the years 2015 through 2026 (inclusive) such that each payment of the first 9 payments will constitute 2% of the principal of the total par value of the debentures (series C), the tenth payment will constitute 17% of the principal of the total par value of the debentures (series C) and each payment of the last 2 payments will constitute 32.5% of the principal of the total par value of the debentures (series C). As of December 31, 2020, the par value balance of the debentures (Series C) is NIS 143,835 thousand. The Company has undertaken that so long as the debentures (Series C) are still outstanding:

1. Equity attributable to Company shareholders shall not fall below €190 million.
2. No distribution of dividends, distribution of capital or share buy-back shall take place if as a result the equity attributed to Company shareholders falls below €200 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11: - LOANS FROM BANKS AND DEBENTURES (Cont.)

3. The ratio between the Company's total net financial liabilities that are:
 - a. Company obligations for the repayment of loans with recourse.
 - b. The Company's obligations for the repayment of debentures (Series A, B and C) and other debentures, if any.
 - c. The Company's obligations to repay other loans the repayment date of which falls during the period of the debentures (Series C).
 - d. Any debt of the Company's subsidiaries towards a third party is pledged by a lien, but no more than the value of the pledged asset.

All less cash, cash equivalents and deposits and the debt in respect of inventory of apartments under construction and the Company's total equity (including non-controlling rights) plus:

- a. The Company's total net financial liabilities (as defined above).
- b. Any loan received by the Company from any party that according to its conditions is subordinate in its repayment levels to the debentures (Series C) and which cannot be repaid (principal and/or interest) over the course of the debentures' (Series C) period.
- c. Reductions in value listed pursuant to the Consolidated Financial Statements (if any) for the assets pledged to guarantee loans of sums exceeding the borrower's recourse right.

Shall not exceed 75%.

- d. The ratio between the value of the shares of subsidiary BGP, pledged to guarantee the repayment of debentures (Series C) calculated on the basis of the subsidiary's equity (attributed to the Company's shareholders) and the Company's debts to the holders of the debentures (Series C) defined as the balance of the debentures' (Series A and B) principal plus interest and linkage accumulated and not yet paid, shall not fall below 175%.

As of December 31, 2020, the Company is in compliance with said financial covenants.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11: - LOANS FROM BANKS AND DEBENTURES (Cont.)

f. Financial covenants

In the context of credit framework agreements with banking corporations, subsidiaries undertook to comply with a number of financial covenants, including a loan to value (LTV) ratio between 65% and 80% and debt service coverage ratio (DSCR) (must be higher than the range between 120% to 160%). All loans are non-recourse and therefore failure to comply with the terms of one of the frameworks does not constitute violation of the other frameworks.

As to the financial covenants on debentures (Series B and C), see f and g above.

As of December 31, 2020, the Company complies with all of the financial covenants as set forth.

NOTE 12: - LOANS FROM CONTROLLING SHAREHOLDER

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 December 31, 2019, EUR 44.2 million were drawn down. 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 drawn down funds without penalty. In January and March 2020, the Company repaid the entire debt to the controlling shareholder so as of the report date, no debt balance remained to the controlling shareholder.

NOTE 13: - LEASE LIABILITIES

	December 31,	
	2020	2019
	Euros in thousands	
Lease liability (1)	3,021	3,041
Less - current maturities	<u>(31)</u>	<u>(31)</u>
	<u>2,990</u>	<u>3,010</u>

- (1) The Company has an asset under financing lease included in investment property item - income generating assets in the statement of financial position from a local authority until 2047. The asset was sold after the date of statement of financial position.

For further details, see Note 25(2).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14: - OTHER FINANCIAL ASSETS

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
	<u>Euros in thousands</u>	
	<u>-----</u>	
Presented in current assets (see Note 4)		
Derivative financial assets in respect of currency exchange transactions	-	1,635
Presented in noncurrent assets:		
Marketable financial asset measured at fair value through profit or loss (*)	36,094	35,655
Financial assets measured at fair value through profit or loss (**)	<u>6,494</u>	<u>6,494</u>
	<u>42,588</u>	<u>42,149</u>
	<u>42,588</u>	<u>43,784</u>

- (*) On July 23, 2018, the Company acquired shares in a public company incorporated in Germany, whose shares are traded on the unofficial supervised Frankfurt Stock Exchange and in the German residential real estate development market, which is unrelated to the Company or its controlling shareholder and the purchased shares representing 4.1% of the issued and outstanding share capital of the target company, for a total consideration of € 35 million. The Company classified the investment as financial asset presented at fair value through profit or loss.
- (**) On March 22, 2019, the Company entered into 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 to sell 89.9% of its holdings in three companies (held indirectly by certain subsidiaries of the Company) which own commercial properties in the cities of Rostock, Celle, and Castrop. The consideration in the transaction represents a gross asset value of approximately 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 of the aforesaid agreement, the Company recognized a loss of approximately EUR 2.3 million as a result of the difference between the sale consideration, less transaction costs (transaction costs amounted to approximately EUR 6.4 million), the value of the net assets and liabilities presented in the Company's reports; The 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 EUR 7.2 million as part of finance expenses as a result of bank loan breaking costs that were repaid upon completion of the transaction. The investment balance of approximately EUR 6.5 million (10.1% of the companies' capital), is presented as part of an investment in financial assets measured at fair value through profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15: -FAIR VALUE MEASUREMENT

The following table presents the fair value measurement hierarchy for the Group's assets and liabilities.

Quantitative disclosures of the fair value measurement hierarchy of the Group's assets and liabilities as of December 31, 2020:

	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
	Euros in thousands			
Assets measured at fair value: Investment property (Note 8):				
Income generating commercial real estate	12,369	-	60,640	<u>73,009</u>
Income generating residential real estate	-	-	1,152,437	<u>1,152,437</u>
Land for betterment and real estate right	-	-	60,900	<u>60,900</u>
Other financial assets: (Note 14a)				
Marketable financial asset measured at fair value through profit or loss	36,094	-	-	<u>36,094</u>
Financial assets measured at fair value through profit or loss	-	-	6,494	<u>6,494</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15: - FAIR VALUE MEASUREMENT (Cont.)

	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
	Euros in thousands			
Liabilities measured at fair value:				
Derivative financial liabilities (Note 14b):				
Interest swap contracts	-	(597)	-	<u>(597)</u>

The fair value of financial instruments that are not quoted on an active market is determined using valuation techniques. Valuation tools specific to financial instruments include:

The fair value of interest swap contracts and interest CAP agreements is based on a calculation of the present value of an estimate of future cash flows, using observable return curves.

The following describes unobservable material data that are used in valuation:

	<u>Valuation technique</u>	<u>unobservable material data</u>	<u>Range (weighted average)</u>	<u>Sensitivity of fair value to change in data</u>
Interest swap transactions	DCF	Payment curve	Euribor curve for transaction period	2% increase/decrease in Euribor curve will result in increase/decrease in fair value up to € 1.3 million

As to the data of investment property fair value, see note 8.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15: - FAIR VALUE MEASUREMENT (Cont.)

Derivatives and hedging

	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
	<u>Asset</u>	<u>Liability</u>	<u>Asset</u>	<u>Liability</u>
	<u>Euros in thousands</u>			
Fair value of swap agreements (1)	-	(597)	-	(683)
Fair value of currency exchange transactions (2)	-	-	1,635	-

(1) Cash flow hedges:

As of December 31, 2020, the Group has interest rate swap agreements (SWAP) in the sum of € 43,478 thousand according to which the Group pays a fixed interest rate of 0.235% and receives variable interest at a rate equal to Euribor for three months.

(2) Currency exchange transactions:

In 2020, the Company concluded all its hedging transactions so as of December 31, 2020, the Group has no various agreements for a future sale of EURO against future purchases of U.S dollar.

NOTE 16: - FINANCIAL INSTRUMENTS

a. Classification of financial assets and financial liabilities

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
	<u>Euros in thousands</u>	
<u>Cash and receivables at amortized cost</u>		
Cash and cash equivalents	34,814	44,409
Restricted deposits financial assets and receivables (1)	15,815	66,336
Tenants and trade receivables, net	1,399	505
Other non-current receivables and restricted deposits	106	84
	<u>52,134</u>	<u>111,334</u>
<u>Financial instruments (fair value)</u>		
Investments in financial assets measured at fair value through profit or loss	42,588	42,149
Financial assets for hedging purposes	-	1,635
Financial liabilities for hedging purposes	(597)	(683)
	<u>41,991</u>	<u>43,101</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16: - FINANCIAL INSTRUMENTS (Cont.)

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
	<u>Euros in thousands</u>	
<u>Financial liabilities at amortized cost</u>		
Debentures	(72,980)	(100,419)
Credit from banks	(427,024)	(478,925)
Other accounts payable (2)	(12,527)	(15,656)
Lease liability	(2,990)	(3,010)
Loans from controlling shareholder	-	(44,762)
	<u>(515,521)</u>	<u>(642,772)</u>

- (1) Excluding prepaid expenses.
(2) Excluding deposits from tenants and prepaid income.

b. Market risk1. Foreign currency risk

The Company has debentures denominated in NIS and fully linked to the changes in Israel CPI. From time to time the Company carries out hedging transactions against the strengthening of the NIS and accordingly, it is exposed to exchange rate risk deriving from exposure to this currency. Exchange rate risk derives from recognized liabilities denominated in foreign currency which is other than the functional currency. As to sensitivity tests see section f above.

2. CPI risk

As aforesaid, the Company has debentures that are fully linked to the changes in the CPI in Israel, subject to floor index. For further details, see Note 11 above. As to sensitivity tests see section f above.

3. Interest rate risk

The Group is exposed to risk resulting from changes in cash flows of loans bearing variable interest rates because of changes in interest rates.

The Company hedges most of its financial liabilities by taking loans at fixed interest rate or by entering into interest SWAP agreements or CAP agreements.

The interest swap contract conditions are suited to the base loans.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16: - FINANCIAL INSTRUMENTS (Cont.)

c. Credit risk

Credit risk could arise from cash and cash equivalents, derivatives and deposits with banking corporations and financial institutions, as well as from receivables, including tenants' debit balances.

Management has a credit policy and credit exposure is examined on a regular basis. In principle, the Company does not provide credit to tenants. In cases in which tenants request credit, the Company carries out a credit assessment for those customers. The Group holds all or part of the tenants' deposits that are refundable until the tenants will settle their payments or in other cases of breach of contract.

The Company estimates the need for making an allowance for doubtful accounts according to the management's estimate of the balance's nature based on the cumulative experience in managing the asset.

Credit risk could also arise from an engagement by a number of financial instruments with a single entity. The Company holds cash and cash equivalents, short-term investments and other financial instruments in various financial institutions with high credit ratings. The Company's policy is to spread its investments among the various institutions.

The Company estimates that when lease payments from tenants are in arrears of more than 30 days, there is a significant increase in credit risk and the Company recognizes an impairment as follows:

- For payments in arrears of more than 30 days but less than 60 days, the provision for impairment is 20% of the balance.
- For payments that are over 60 days but less than 180 days in arrears, the provision for impairment is 50% of the balance.
- For payments that are more than 180 days in arrears, the Company provides the full balance for impairment.

As of the report date, there were no significant concentrations of credit risk. According to management estimate, the balance in the financial statements of each of the financial assets represents the maximum exposure to credit risk.

d. Liquidity risk

Liquidity risk is the risk that the Group will have difficulty meeting obligations in respect of a financial liability. Financial liabilities to banking corporations regarding interest payments are guaranteed through rental payments regularly deposited in designated accounts/collection accounts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16: - FINANCIAL INSTRUMENTS (Cont.)

The Group's goal is to maintain a balance between the receipt of financing and the flexibility in the use of bank loans and debentures.

As of December 31, 2020, 29.64% of the Group's debt will be redeemed within under a year (2019 – 32.60%) (See also Note 11).

The following table sets out the maturity dates of the Group's financial liabilities in accordance with the contractual conditions in non-discounted sums (including interest payments):

December 31, 2020

	Up to one year	From one to two years	From two to three years	From three to four years	From four to five years	Over five years	Total
Euros in thousands							
Accounts payable	20,149	-	-	-	-	-	20,149
Loans from banking corporations (1)	137,031	98,534	9,113	20,879	8,316	191,083	464,956
Debentures (1)	12,479	12,148	11,817	17,679	11,193	17,016	82,332
Lease liability	215	215	215	215	215	4,635	5,710
	<u>169,874</u>	<u>110,897</u>	<u>21,145</u>	<u>38,773</u>	<u>19,724</u>	<u>212,734</u>	<u>573,147</u>

December 31, 2019

	Up to one year	From one to two years	From two to three years	From three to four years	From four to five years	Over five years	Total
Euros in thousands							
Accounts payable	22,833	-	-	-	-	-	22,833
Loans from banking corporations (1)	210,540	136,634	98,548	8,995	20,760	188,967	664,444
Loans from controlling shareholder	44,762	-	-	-	-	-	44,762
Debentures (1)	29,499	12,765	12,426	12,087	11,383	35,560	113,720
Lease liability	215	215	215	215	215	4,850	5,925
	<u>307,849</u>	<u>149,614</u>	<u>111,189</u>	<u>21,297</u>	<u>32,358</u>	<u>229,377</u>	<u>851,684</u>

(1) The balance of loans from banking corporations and debentures includes interest payments, including the influence of interest swap agreements and interest fixing agreements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16: - FINANCIAL INSTRUMENTS (Cont.)

e. Fair value

The following table demonstrates the carrying amount and fair value of the groups of financial instruments that are not presented in the financial statements at fair value:

As of December 31, 2020

<u>Financial liabilities</u>	Carrying amount in the statement of financial position	Fair value
	Euros in thousands	
	<u> </u>	<u> </u>
Debentures and interest payable on debentures	<u>73,515</u>	<u>80,264</u>

As of December 31, 2019

<u>Financial liabilities</u>	Carrying amount in the statement of financial position	Fair value
	Euros in thousands	
	<u> </u>	<u> </u>
Debentures and interest payable on debentures	<u>101,326</u>	<u>111,429</u>

Management estimated that the balance of cash and cash equivalents, short term deposits, trade receivables, trade payables, overdrafts, and other current liabilities and bank loans presented at amortized cost matches or approximates their fair value due to the short maturity dates of these instruments.

The following are the methods and assumptions used to determine fair value:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16: - FINANCIAL INSTRUMENTS (Cont.)

f. Sensitivity tests relating to changes in market factors

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
	<u>Euros in thousands</u>	
<u>Sensitivity test to changes in interest rates</u>		
<u>Effect on profit and loss and other comprehensive income</u>		
<u>For loans</u>		
Interest increase of 200 base points	(715)	(3,796)
Interest decrease of 200 base points *)	- (*)	- (*)
<u>For Swap</u>		
Interest increase of 200 base points	1,280	1,420
Interest decrease of 200 base points *)	(1,347)	(2,968)
<u>For debentures</u>		
CPI increase of 3%	(2,216)	(3,519)
CPI decrease of 3%	354	1,564
EURO/NIS exchange rate increase of 5%	(3,611)	(4,974)
EURO/NIS exchange rate decrease of 5%	3,611	4,974
<u>For currency hedging transactions</u>		
EURO/Dollar exchange rate increase of 5%	-	1,500
EURO/ Dollar exchange rate decrease of 5%	-	(1,500)

*) the Company's financing agreements determine that the Euribor rate for charging interest will not be below 0%.

Sensitivity tests and principal working assumptions

The fluctuations chosen in the relevant risk variables were set in accordance with management assessments regarding possible reasonable changes in these risk variables.

The Company has performed sensitivity tests of principal market risk factors that are liable to affect its reported operating results or financial position.

The sensitivity tests present the profit or loss and/or the comprehensive income or loss with respect to each financial instrument for the relevant risk variable chosen for that instrument as of each reporting date. The test of risk factors was determined based on the materiality of the exposure of the operating results or financial condition of each risk with reference to the functional currency and assuming that all the other variables are constant. The Group is not exposed to changes in profit/loss due to interest risk with respect to long-term loans at fixed interest.

In non-current variable-interest loans measured at amortized cost, the sensitivity test for interest risk was only performed on the variable component of interest.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 :- FINANCIAL INSTRUMENTS (Cont.)

- g. Changes in liabilities deriving from financing activity (excluding liabilities presented under disposal groups held for sale)

	Loans from banks	Loans from controlling shareholder	Bonds	Lease liability	Total liabilities deriving from financing activity
	EUR in thousands				
Balance as of January 1, 2018	(660,797)	-	(127,471)	(3,095)	(791,363)
Cash flow	(94,790)	-	17,309	54	(77,427)
Classification to liabilities for disposal group held for sale	(6,157)	-	-	-	(6,157)
Effect of exchange rate changes		-	2,746	-	2,746
Other changes	(1,453)	-	-	-	(1,453)
Balance as of December 31, 2018	(763,197)	-	(107,416)	(3,041)	(873,654)
Cash flow	151,743	(44,200)	18,679	54	126,276
Classification to liabilities for disposal group held for sale	142,398	-	-	-	142,398
Effect of exchange rate changes		-	(11,683)	-	(11,683)
Other changes	(9,870)	(562)	-	(23)	(10,455)
Balance as of December 31, 2019	478,926	(44,762)	(100,420)	(3,010)	(627,118)
Cash flow	51,587	44,762	25,706	54	122,109
Effect of exchange rate changes	-	-	1,734	-	1,734
Other changes	315	-	-	(34)	281
Balance as of December 31, 2020	(427,024)	-	(72,980)	(2,990)	(502,994)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17: - TAXES ON INCOME

a. Tax laws applicable to the Group companies

1. The Company has revenues from real estate investments in Germany. In accordance with the tax treaty between Germany and the Netherlands and between Germany and Luxemburg, real estate revenues are only taxed at the location of the real estate.
2. The following are tax rates applicable to the Company and its key subsidiaries:

<u>State</u>	<u>%</u>
The Netherlands	25
Germany (*)	15.825 – 31.225
Luxemburg	24.94

*) Earnings from the sale of apartments are subject to a local business tax in Germany. The corporate tax and the local business tax rate amount to 31.225%.

3. Earnings from the sale of the shares of a Dutch company, Luxembourgian company or by a Dutch company are tax-exempt in the Netherlands subject to meeting the terms of exemption from participation set forth in Dutch law. Earnings from the sale of a German company, owning real estate assets of 50% of the Company's total assets by a German company are taxable at a 5% corporate tax rate on the taxable income. As of 2019, as a result of changes in the German law, earnings deriving after January 1, 2019 from the sale of shares of a limited company that holds assets in Germany will be taxed at 5% of the taxable income.

Earnings from the sale of the shares of a Luxembourgian company by a Luxembourgian company are tax-exempt in Luxemburg subject to meeting the terms of exemption from participation set forth in Luxembourgian law which are minimal holding of 10% or investment of at least € 6 million for 12 consecutive months and both companies (seller and sold) are subject to tax in Luxemburg (and pursuant to the prescribed laws).

b. Tax assessments

Final tax assessments

The Company was issued final tax assessments in the Netherlands until and including 2017. Some subsidiaries that are tax assessed were issued final tax assessments until and including 2019 and some were not issued final tax assessment from their establishment date.

Most of the companies that are tax assessed in Germany were issued tax assessments until and including 2019. The assessments that were issued to the Company until and including 2015 are deemed final due to the statute of limitations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17: - TAXES ON INCOME (Cont.)

c. Losses carried forward for tax purposes and other temporary differences

The Group has business losses and capital losses for tax purposes carried forward for tax purposes on the coming years, totaling as of December 31, 2020 approximately € 27,870 thousand. In respect of these losses, deferred tax assets have been recognized in the financial statements in the amount of approximately € 4,410 thousand. In addition, the Group has business losses and capital losses for tax purposes carried forward for tax purposes on the coming years, totaling as of December 31, 2020 approximately € 32,048 thousand for which the Company did not recognize deferred tax assets.

d. Deferred taxes

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
	<u>Euros in thousands</u>	
<u>Deferred tax liabilities</u>		
Inventory of buildings under construction, inventory of real estate and investment property	(127,641)	(114,926)
Current assets and others	(311)	(1,158)
Debentures	(88)	(368)
Revaluation of financial derivatives	-	(300)
	<u>(128,040)</u>	<u>(116,752)</u>
<u>Deferred tax assets</u>		
Losses carried forward for tax purposes	4,410	7,876
Revaluation of financial derivatives	95	-
	<u>4,505</u>	<u>7,876</u>
Deferred tax liabilities, net	<u>(123,535)</u>	<u>(108,876)</u>
Deferred taxes are presented in the statement of financial position as follows:		
Non-current assets	187	33
Non-current liabilities	<u>(123,722)</u>	<u>(108,909)</u>
	<u>(123,535)</u>	<u>(108,876)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17: - TAXES ON INCOME (Cont.)

The change in deferred taxes in the reported periods is composed as follows:

	Year ended December 31,	
	2020	2019
	Euros in thousands	
<u>Deferred tax liabilities</u>		
Inventory of buildings under construction, inventory of real estate and investment property	12,715	(8,005)
Non-current liabilities	(847)	42
Revaluation of financial derivatives	(395)	333
	<u>11,473</u>	<u>(7,630)</u>
<u>Deferred tax assets</u>		
Losses carried forward for tax purposes	3,466	(16)
Debentures	(280)	81
	<u>3,186</u>	<u>65</u>
Deconsolidation	(736)	-
Deferred tax expenses (income), net	<u>13,923</u>	<u>(7,565)</u>

The deferred taxes are computed at an average tax rate of 15.825% based on the tax rates expected to apply on realization. Deferred taxes in respect of inventory of apartments under construction and inventory of real estate are calculated at a tax rate of 31.225%. Deferred taxes in respect of carryforward tax losses in the Netherlands are calculated at a tax rate the Company expects that these losses will be utilized.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17: - TAXES ON INCOME (Cont.)

- e. Taxes on income included in the statements of profit or loss

	Statement of profit or loss		
	Year ended December 31,		
	2020	2019	2018
	Euros in thousands		
Deferred taxes, see also d. above	13,923	(7,565)	18,520
Current taxes and taxes in respect of previous years and others	<u>13,671</u>	<u>19,823</u>	<u>10,985</u>
Tax expenses	<u><u>27,594</u></u>	<u><u>12,258</u></u>	<u><u>29,505</u></u>

- f. Theoretical tax

The following is the reconciliation between the tax expense, assuming that all revenues and expenses, gains and losses in the statement of profit or loss had been taxed at the statutory tax rate in the Netherlands and the amount of taxes on income charged in the statement of profit or loss:

	Year ended December 31,		
	2020	2019	2018
	Euros in thousands		
Income before taxes on income	<u>125,287</u>	<u>29,885</u>	<u>148,548</u>
Statutory tax rate in the Netherlands	<u>25%</u>	<u>25%</u>	<u>25%</u>
Tax calculated using statutory tax rate	31,322	7,471	37,137
Deferred tax assets created in other tax rate	(5,824)	5,111	(11,752)
Taxes for previous periods and others, net	<u>2,096</u>	<u>(324)</u>	<u>4,120</u>
Taxes on income	<u><u>27,594</u></u>	<u><u>12,258</u></u>	<u><u>29,505</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18: - CONTINGENT LIABILITIES, COMMITMENTS AND LIENS

a. Commitments, liens and collaterals

1. As collateral for non-recourse loans from banking corporations, liens have been registered on investment properties and real estate inventory and also on the bank accounts into which rental fees are received, rights in respect of insurance policies, a lien on the shares of the company holding the asset etc. (see Note 11). Each property is owned by a consolidated SPV company. In respect of some of the properties, a cross-guarantee secures credit facilities taken for acquisition of the properties.

Some of the loan agreements contain "negative lien" provisions, whereby the borrowers are prohibited from creating additional liens on the encumbered assets and revenues, without receiving the prior explicit consent of the lender.

2. As part of a loan agreement signed during November 2013 with a banking corporation to receive € 101.4 million to finance Stage B of the Düsseldorf project, the Company provided a € 12.4 million guarantee, of which € 8.9 million is an autonomous guarantee for the local authority to secure liabilities of the project companies pursuant to the development agreement with the local authority. The guarantee balance of € 3.5 million will be used to issue guarantees to contractors. The annual interest rate on the guarantee is 1.25% and is calculated only for the amount that was actually granted as a guarantee. The balance of the guarantee as of December 31, 2020 was EUR 2.9 million.
3. Regarding the pledge provided in respect of debentures, see Note 11d - f.
4. The balance of secured liabilities is EUR 504.2 million (2019 - EUR 585 million).
5. As part of developing the inventory of buildings under construction for Stage A (see Note 6), the Company entered into a contract with the contractor. As of December 31, 2017 the construction work was finalized by the contractor. In the final settlement of accounts, the contractor requested additional payment from the Company in the amount of € 12.5 million. The Company rejected the arguments of the contractor and demanded that the contractor will compensate the Company for an amount (which is still not final) of € 4 million due to various breaches of the contract by the contractor. In June 2019, the Company reached with the contractor an interim agreement and on July 1, 2019 paid the contractor € 2 million. As per the Company and based on the opinion of its legal counsel the likelihood that the Company will be required to bear any extra payment to the contractor is low.
6. As to the Company's guarantee for a loan received in a sub-partnership see Note 7(3).

b. Claims

1. Lawsuits have been filed against the Group totaling some € 652 thousand. In the estimation of Group management, relying *inter alia* on the opinions of its legal counsel, the provisions contained in the financial statements are sufficient to cover the possible exposure, if any, as a result of these lawsuits.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18: - CONTINGENT LIABILITIES, COMMITMENTS AND LIENS (Cont.)

2. On April 8, 2018, a motion to approve a class action ("the motion") was filed against ADLER, Redzone Empire Holding (the former controlling shareholder in the Company) and former officers in the Company with the Tel Aviv District Court by a shareholder in the Company regarding the alleged violations of the provisions of the Companies Law-1999 (above and below – the companies' law) as well as Tender Offer Regulations with regard to the special tender offer submitted by ADLER to the shareholders of the Company on February 19, 2018 (which was amended on March 20, 2018). The respondents (including ADLER) to the motion have answered the motion and rejected the allegations and the petitioner filed a response for their response.
3. Minority shareholders in several of the Company's subsidiaries (which were related in the past to the Company) have raised various allegations against the Company and said subsidiaries regarding the conduct of the subsidiaries and a demand to purchase their rights in the subsidiaries by the Company) in an amount exceeding the balance of non-controlling interests in respect of such companies in the financial statements as of December 31, 2020 in immaterial amount for the Company. The Company estimates that it has good arguments against the allegations such the minority shareholders.

c. Commitments

1. With respect to some of the Company's assets, the Company entered into agreements with various investors (the investors) for the purpose of investments in joint ventures such that the Company's share in the joint ventures amounts to 58% - 77% and the investors' share amounts to 23%- 42%. To the best knowledge of the Company, these investors are members of the "investors' club" that was established by a former interested party company and some of the investors are former related parties in the Company.

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 consequently the Company and the holders of rights began negotiations for the acquisition of the investors' rights. In order to carry out the transaction and to improve the transaction structure, the Company entered into agreement with ADLER such that a subsidiary of ADLER will purchase 10.1% of the rights in the relevant asset companies. Accordingly, on July 1, 2019, the Company completed the above purchase of rights (except for the rights at a rate of 10.1% that were purchased by ADLER) in a total consideration of € 64.7 million.

2. During the first quarter of 2020, subsidiaries distributed an amount of approximately EUR 5.7 million to the controlling shareholder as non-controlling interest on the Company's subsidiaries.

NOTE 18: - CONTINGENT LIABILITIES, COMMITMENTS AND LIENS (Cont.)

3. Commitment for regulatory purposes - On December 16, 2020, the Company's Board of Directors approved the sale of 0.1% of the asset companies held by the Company, as part of the Company's preparations for regulatory changes which may take place in Germany in the coming years. On December 18, 2020, and as a precaution, the transaction was classified by the Company's Audit Committee as a non-exceptional transaction in which the controlling shareholder has a personal interest, taking into account the fact that the company entered into similar transactions with several subsidiaries of ADLER, the controlling shareholder of the Company, holding a negligible rate in such companies and in the past the ultimate controlling shareholder of the acquiring company indirectly held shares of ADLER Group SA. It should be clarified that as of the transaction approval date and to the best of the company's knowledge, the shares of ADLER Group SA were no longer held by the ultimate controlling shareholder (and in any case did not hold more than 5% of the shares of ADLER Group SA).

The transaction was made in the ordinary course of the Company's business, on market terms and in immaterial amount to the Company.

4. On August 12, 2020, the Company announced that following the recommendation and approval of the Company's Remuneration Committee, the Company's Board of Directors decided to approve the Company's new Remuneration Policy, stating that despite the opposition of the general meeting held on July 29, 2020, the approval of the new Remuneration Policy is in the best interest of the Company and in accordance with section 267A (c) of the Companies Law, 5769-1999. The approved remuneration policy also settles remuneration for directors and officers including setting fixed and variable components of remuneration to directors and officers, reimbursement of expenses, retirement conditions and issues of indemnification and insurance. The approved remuneration policy also settles situations in which the officers provide services to both the Company's parent company and the Company and will be valid for a period of three years beginning on July 29, 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19: - EQUITY

a. Composition of share capital

	December 31, 2020 and 2019	
	Authorized	Issued and paid-up
Ordinary shares of € 0.01 par value each	<u>22,500,000</u>	<u>7,730,875</u>

b. Capital management in the Company

The Company acts in order to guarantee a capital structure allowing the Company to support its channels and maximize value to its shareholders. The Company manages the structure of its capital and makes changes in accordance with changes in the environment in which the Company operates.

c. Treasury shares - shares of the Company held by the Company

The holding of the Company in the Company's shares includes 31,688 treasury shares constituting 0.4% of the Company's issued and outstanding share capital.

d. Classifications according to Dutch law - statutory capital reserve

In accordance with Dutch law provisions applicable to the Company, gains from fair value adjustments, which have not been realized, cannot be distributed as dividends. In addition, earnings of investees cannot be distributed as dividends, unless distributed by the subsidiaries themselves. At the same time, according to Dutch law, these earnings can be distributed only after their conversion into share capital and a reduction in equity as a result of the dividend distribution.

In the reported period, the Company classified the distributable earnings out of the statutory capital reserve. Accordingly, the balance of distributable earnings as of December 31, 2020 is EUR 221,968 thousand.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 20: - SUPPLEMENTARY INFORMATION TO ITEMS OF STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended December 31,		
	2020	2019	2018
Euros in thousands			
a. <u>Cost of maintenance of rental properties:</u>			
Salaries, electricity, water and gas	1,646	1,737	2,301
Maintenance and repairs	6,493	6,054	4,397
Land taxes	569	661	691
Insurance	43	125	110
Doubtful accounts and bad debts	1,217	2,672	3,945
Marketing	462	685	1,059
Others	1,176	362	213
	<u>11,606</u>	<u>12,296</u>	<u>12,717</u>
b. <u>General and administrative expenses</u>			
Property management, salary expenses and others	5,642	6,091	7,742
Expenses for sale transactions of assets not yet realized	1,698	3,992	-
Legal and other professional services	3,617	3,560	2,767
Travel expenses, rent and office maintenance and others	2,368	2,495	2,011
	<u>13,325</u>	<u>16,138</u>	<u>12,520</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 20: - SUPPLEMENTARY INFORMATION TO ITEMS OF STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Cont.)

		<u>Year ended December 31,</u>		
		<u>2020</u>	<u>2019</u>	<u>2018</u>
		<u>Euros in thousands</u>		
	<u>Financial expenses excluding the effect of exchange rate differences and currency hedging transactions</u>			
c.				
	(1) <u>Interest, bank charges and others</u>			
	Interest expenses on loans and debentures	(13,201)	(16,859)	(17,333)
	Bank charges, guarantee commission and others	(164)	(166)	(151)
	Leasing finance expenses	<u>(215)</u>	<u>(215)</u>	<u>(215)</u>
		<u>(13,580)</u>	<u>(17,240)</u>	<u>(17,699)</u>
	(2) <u>Amortization of finance costs and others</u>			
	Amortization of financial costs on loans and debentures	<u>(1,457)</u>	<u>(1,850)</u>	<u>(1,947)</u>
		<u>(15,037)</u>	<u>(19,090)</u>	<u>19,646))</u>
	<u>Effect of exchange rate differences indexing and currency hedging transactions, net</u>			
d.				
	Gain (Loss) from exchange rate differences in respect of debentures and cash, net	1,679	(10,821)	3,887
	Linkage differences in respect of debentures	553	(574)	(1,062)
	Gain from currency hedging transactions	<u>1,496</u>	<u>2,419</u>	<u>3,684</u>
		<u>3,728</u>	<u>(8,976)</u>	<u>6,509</u>
	<u>Change in value of financial instruments, loans and others (including early repayment of loans)</u>			
e.				
	Gain (loss) from revaluation of interest rate swap, net	23	(284)	(80)
	Gain (loss) from revaluation of marketable financial asset measured at fair value through profit or loss	438	(1,364)	2,019
	Loan early repayment costs		(9,643)	
	Others	<u>825</u>		<u>(359)</u>
		<u>1,286</u>	<u>(11,291)</u>	<u>1,580</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 20: - SUPPLEMENTARY INFORMATION TO ITEMS OF STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Cont.)

f. Other income

During 2019, the Company entered into agreement with a potential buyer for the sale of one of the Company's commercial assets, according to which if the sale agreement is not signed by June 2020, the Company will receive € 500 thousand. On June 10, 2020, the Company received the full amount.

NOTE 21: - NET EARNINGS PER SHAREa. Details of number of shares used in calculating net earnings per share

	Year ended December 31,					
	2020		2019		2018	
	Weighted number of shares	Net income attributable to equity holders of the Company	Weighted number of shares	Net income attributable to equity holders of the Company	Weighted number of shares	Net income attributable to equity holders of the Company
	In thousands	Euros in thousands	In thousands	Euros in thousands	In thousands	Euros in thousands
For the purpose of calculating basic and diluted net earnings	<u>7,731</u>	<u>92,695</u>	<u>7,731</u>	<u>18,318</u>	<u>7,731</u>	<u>100,919</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 22: - OPERATING SEGMENTS

General

Operating segments have been determined based on information reviewed by the Chief Operational Decision Maker (CODM) for the purpose of making decisions with regard to resource allocation and performance assessment (Company Board of Directors). Accordingly, for management purposes, the Group consists of operating segments of business units and has four operating segments, as follows:

Income generating	-	
commercial real estate		Leasing property for commercial purposes.
Income generating	-	
residential real estate		Leasing residential real estate.
Land for betterment and		
value of construction	-	
rights		Land undergoing betterment.
Residential development	-	
		Inventory of apartments under construction and inventory of real estate

The operating segments data are based on the accounting policy of the Company.

Segment revenues include rental revenues and revenues from property management.

The segment results reported to the operational decision maker include items that relate directly to segment. Items not allocated include mainly general and administrative expenses, financing costs, financing income, adjustment to fair value of financial instruments and taxes on income, which are managed on a Group basis. See also Note 2z.

Assets allocated directly to the segment represent the balance of investment property and inventory of real estate and apartments under construction and financial derivatives relating directly to the asset company, whilst liabilities allocated directly to the segment are loans and derivatives relating directly to the asset company and also long-term liabilities that are capable of being attributed specifically. The balance of assets and liabilities is not allocated directly to segments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 22: - OPERATING SEGMENTS (Cont.)

a. Operating segment report

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

With respect to assets designated for sale and assets realized in the report period, see note 8f.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 22: - OPERATING SEGMENTS (Cont.)

	Income- generating commercial real estate *	Income- generating residential real estate	Land for betterment *	Residential development	Total
Euros in thousands					
<u>For the year ended</u>					
<u>December 31, 2019</u>					
Revenues from property rental	23,414	50,083	274	-	73,771
Revenues from property management and others	4,866	20,985	53	-	25,904
Property management expenses	(4,897)	(20,963)	(39)	-	(25,899)
Rental property maintenance expenses	(4,102)	(8,080)	(114)	-	(12,296)
Total rental and management revenues, net	19,281	42,025	174	-	61,480
Revenues from sale of apartments	-	-	-	70,029	70,029
Cost of sale of apartments	-	-	-	(56,999)	(56,999)
Gain from sale of apartments	-	-	-	13,030	13,030
Group's share in losses of companies accounted at equity	(107)	-	-	-	(107)
General and administrative expenses					(16,138)
Selling and marketing and general and administrative expenses attributed to inventory of buildings under construction and inventory of real estate	-	-	-	(2,361)	(2,361)
Appreciation (impairment) of investment property, net	(37,293)	54,810	(4,179)	-	13,338
Financial expenses, net					(39,357)
Income before taxes on income					<u>29,885</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 22: - OPERATING SEGMENTS (Cont.)

	Income- generating commercial real estate	Income- generating residential real estate	Land for betterment	Residential development	Total
Euros in thousands					
<u>For the year ended</u>					
<u>December 31, 2018</u>					
Revenues from property rental	30,067	48,918	183	-	79,168
Revenues from property management and others	5,146	21,762	72	-	26,980
Property management expenses	(6,130)	(21,669)	(71)	-	(27,870)
Rental property maintenance expenses	(3,692)	(8,906)	(119)	-	(12,717)
Total rental and management revenues, net	25,391	40,105	65	-	65,561
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
Group's share in losses of companies accounted at equity	(723)	-	-	-	(723)
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 of investment property, net	14,360	83,333	(2,194)	-	95,499
Financial expenses, net					(11,557)
Income before taxes on income					<u>148,548</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 22: - OPERATING SEGMENTS (Cont.)

b. Additional information

	<u>Income- generating commercial real estate</u>	<u>Income- generating residential real estate</u>	<u>Land for betterment</u>	<u>Residential development</u>	<u>Total</u>
	Euros in thousands				
<u>For the year ended</u> <u>December 31, 2020</u>					
Capital investments	<u>1,725</u>	<u>14,700</u>	<u>3,316</u>	<u>-</u>	<u>19,741</u>
<u>For the year ended</u> <u>December 31, 2019</u>					
Capital investments	<u>2,525</u>	<u>13,422</u>	<u>2,164</u>	<u>-</u>	<u>18,111</u>
<u>For the year ended</u> <u>December 31, 2018</u>					
Capital investments	<u>5,043</u>	<u>21,328</u>	<u>1,357</u>	<u>-</u>	<u>27,728</u>
<u>As of December 31, 2020</u>					
Segment assets (*)	<u>81,723</u>	<u>1,177,009</u>	<u>66,374</u>	<u>94,442</u>	<u>1,419,548</u>
Unallocated assets					<u>49,997</u>
Segment liabilities (*)	<u>24,407</u>	<u>515,301</u>	<u>13,077</u>	<u>21,268</u>	<u>574,053</u>
Unallocated liabilities					<u>73,922</u>
<u>As of December 31, 2019</u>					
Segment assets	<u>155,192</u>	<u>1,013,710</u>	<u>66,000</u>	<u>105,455</u>	<u>1,340,357</u>
Unallocated assets					<u>123,401</u>
Segment liabilities	<u>54,659</u>	<u>495,999</u>	<u>20,795</u>	<u>23,129</u>	<u>594,582</u>
Unallocated liabilities					<u>166,954</u>

(*) excluding assets and liabilities presented as a disposal group held for sale
With respect to assets designated for sale and assets realized in the report period, see note 8f.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 23: - TRANSACTIONS WITH INTERESTED AND RELATED PARTIES

a. Transactions with interested and related parties

	<u>Year ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<u>Euros in thousands</u>		
Interest expenses for loan to controlling shareholder	-	562	-

b. Benefits for key management personnel (including directors):

	<u>Year ended December 31,</u>					
	<u>2020</u>		<u>2019</u>		<u>2018</u>	
	<u>No. of people</u>	<u>Amount - Euros in thousands</u>	<u>No. of people</u>	<u>Amount - Euros in thousands</u>	<u>No. of people</u>	<u>Amount - Euros in thousands</u>
Short-term employee benefits (excluding directors)	2	305	4	228	8	2,039
			-	-		
Total benefits for directors	9	557	8	482	14	390

- c. For information regarding the agreement with the controlling shareholder for the acquisition of non-controlling interests, see Note 18c.
- d. On October 21, 2020, the Company's CEO announced the termination of his term of office. The Company's CEO's employment agreement was not approved by the Company's general meeting and accordingly he has no prior notice period. On December 1, 2020, Thierry Beaudemoulin was appointed CEO of the Company.
- e. With respect to distribution to the controller shareholder as a holder of non- controlling interests in the Company's subsidiaries, see Note 18c.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 24: - DISCLOSURE ACCORDING TO IAS 1 FOR AMOUNTS EXPECTED TO BE SETTLED OR EXTINGUISHED 12 MONTHS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

As stated in note 2k, the Group has two operating cycles. The operating cycle of apartments under construction is three years. The operating cycle of the remaining activities is one year. Accordingly, current assets and liabilities include items designated and expected to be materialized during the Company's operating cycle.

The following is a disclosure regarding assets and liabilities that are expected to be settled or extinguished, at the most, before 12 months after the date of statement of financial position and assets and liabilities that are expected to be settled or extinguished, at the most, after 12 months after the date of statement of financial position.

	December 31,	
	2020	2019
	EUR in thousands	
Assets that are expected to be settled, at the most, before 12 months after the date of statement of financial position	85,875	327,371
Assets that are expected to be settled, at the most, after 12 months after the date of statement of financial position	<u>1,411,491</u>	<u>1,335,813</u>
Total assets	<u><u>1,497,366</u></u>	<u><u>1,663,184</u></u>
Liabilities that are expected to be extinguished, at the most, before 12 months after the date of statement of financial position	165,718	262,119
Liabilities that are expected to be extinguished, at the most, after 12 months after the date of statement of financial position	<u>486,218</u>	<u>647,628</u>
Total liabilities	<u><u>651,936</u></u>	<u><u>909,747</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 25: - MATERIAL EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

1. On June 30, 2021, the sale of the asset, which was presented as of December 31, 2020 as assets held for sale from a transaction for the sale of assets from the commercial real estate portfolio that was signed during 2019 was finally completed. For further details regarding the transaction, see Note 8F (1) of the Company's annual consolidated financial statements for 2020.
2. On November 5, 2020, the Company entered into agreement for selling an additional asset of the Company's commercial income generating portfolio, which was presented as of December 31, 2020 as assets held for sale totaling approximately € 11 million. The sale of the asset was completed on January 29, 2021.
3. On December 30, 2020, the Company entered into agreement for selling an additional asset of the Company's commercial income generating portfolio, totaling approximately € 6.4 million. The sale of the asset is expected to be completed in 2021. Accordingly, the assets and liabilities of the company holding the asset were classified in the statement of financial position as of June 30, 2021 as assets and liabilities of disposal group held for sale.
4. For details regarding the agreement for selling 75% of the Company's holdings in the sub-partnership, which owns the Gerresheim project, see Note 7(3) to the annual financial statements for 2020. After the reporting period, the Company learned that the delay of the zoning plan approvals in connection with the project (and that are required, inter-alia, in connection with the payment of the second installment of the Gerresheim Transaction) is due to objections of the Deutsche Bahn AG. In the view of the Company, such objections are relatively common in the process of building a project in the size and scope of Gerresheim. The Company has been holding ongoing discussions with the Düsseldorf Municipality which is continuing to be supportive of the project and has expressed its interest in advancing the receipt of the required zoning approvals. Nevertheless, the Company learned that despite the progress in contacts between the Company and the Düsseldorf municipality, due to the prolongation of the negotiation between the Düsseldorf municipality and the German railway company, a further delay would occur in connection with the zoning plan. To the Board's estimation, and based on the information provided to it by the authorities in Germany, the approval is expected to be received during the first half of 2022.

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The completion of the cancellation of the Transaction is subject, among others, to the receipt of different approvals, including regulatory approvals, approval of the financing entities, tax authorities, etc.

The above with respect to the Company's examination of the Transaction including the possibility to rescind the Transaction is not supposed to have material impact on the Company's financial report, inter-alia, since the Company has yet to recognize any profit for the Transaction in its financial statements.

5. During January 2021, the Company, through its sub-subsidiaries signed a refinancing agreement with a German banking corporation for a loan of approximately EUR 100.5 million. The loan bears an average annual interest rate of approximately 1.41% with maturity date in June 2023. The refinancing was accounted for as immaterial change in the debt's terms. The change had no material effect on profit or loss.
6. On February 26, 2021, the Company sold a subsidiary that holds an asset from the commercial income generating portfolio of the Company for EUR 9 million. The entire consideration balance from the sale was used for repayment of the shareholders' loan granted to the subsidiary.
7. On February 12 and April 14, 2021, the Company's Audit Committee and Board of Directors, respectively, approved the Company's Separation agreement between the Company and its controlling shareholder and certain officers in the Company who also serve as officers in ADLER ("Separation agreement") which confers upon the Company, among others, first right of refusal in relation to business opportunities relevant to the Company in its field and areas of activity.
8. During May 2021, the Company, through a sub- subsidiary, took a loan from a German banking corporation of approximately EUR 22.6 million. The loan taken on or about the repayment completion date of a loan from the same banking corporation bears an average annual interest rate of approximately 1.25% payable quarterly. Loan principal is payable in 19 equal quarterly payments of EUR 56.5 thousand and the principal's balance will be paid in May 2026.
9. On June 30, 2021, the Company and another company that holds a negligible rate for regulatory needs in the asset companies of the controlling shareholder of the Company (the "Additional Buyer") signed an agreement to acquire investor rights in a subsidiary holding the various stages of the Grafental project for a total of about 18 EUR million, when the Company acquired 5.8% of the rights for EUR 6.6 million and the additional buyer, who received a loan of about EUR 11.4 million from the Company, purchased the remaining 10.1% of the rights for EUR 11.4 million. The total consideration was paid to the investors on July 1, 2021.
10. On August 5, 2021, the Company entered into a transaction for the sale of another property from the Company's income generating commercial real estate portfolio for a total of approximately EUR 16.5 million. The sale of the property is expected to be completed during 2021.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Appendix of holdingsMaterial subsidiaries and partnerships

<u>Name of entity</u>	<u>Country of incorporation</u>	<u>December 31,</u>	
		<u>2020</u>	<u>2019</u>
<u>% in equity</u>			
Brack German Properties BV	The Netherlands	100	100
Brack European Inगतlankezelő KFT	Hungary	100	100
Brack Capital (Remscheid) BV	The Netherlands	99.9	100
Brack Capital (Neubrandenburg) BV	The Netherlands	99.9	100
Brack Capital (Chemnitz) BV (1)	The Netherlands	60	60
Brack Capital (Hamburg) BV	The Netherlands	100	100
Brack Capital (D-Rosssatrasse) BV	The Netherlands	99.9	100
Brack Capital (D-Schanzenstrasse) BV	The Netherlands	100	100
Brack Capital (Gelsenkirchen) BV	The Netherlands	99.9	100
Brack Capital (Ludwigsfelde) BV	The Netherlands	99.9	100
Brack Capital (Bad Kreuznach) BV	The Netherlands	99.9	100
Brack Capital Germany (Netherlands) XIX BV	The Netherlands	99.9	100
Brack Capital Beta BV	The Netherlands	84.98	84.98
Brack Capital Germany XXVI BV (Netherlands)	The Netherlands	84.98	84.98
Grafental Mitte B.V	The Netherlands	84.98	84.98
Brack Capital Germany XXX BV (Netherlands)	The Netherlands	99.9	100
Brack Capital Germany XXI BV (Netherlands)	The Netherlands	99.9	100
Brack Capital Germany (Netherlands) XII B.V.	The Netherlands	100	100
Brack Capital Germany (Netherlands) XLIX B.V.	The Netherlands	99.9	100
Brack Capital Alfa B.V.	The Netherlands	89.6	89.6
Brack Capital Delta B.V.	The Netherlands	89.6	89.6
Brack Capital Epsilon B.V.	The Netherlands	100	100
Brack Capital Kaufland S.a.r.l.	Luxemburg	100	100
TPL Augsburg S.a.r.l.	Luxemburg	92	92
TPL Bad Aibling S.a.r.l.	Luxemburg	92	92
TPL Borken S.a.r.l.	Luxemburg	92	92
TPL Erlangen S.a.r.l.	Luxemburg	92	92
TPL Geislingen S.a.r.l.	Luxemburg	92	92
TPL Vilshofen S.a.r.l.	Luxemburg	92	92
TPL Biberach S.a.r.l.	Luxemburg	92	92
TPL Ludwigsburg S.a.r.l.	Luxemburg	92	92
TPL Neckarsulm S.a.r.l.	Luxemburg	92	92
BCP Leipzig B.V.	The Netherlands	100	100
BCRE Leipzig Wohnen Nord B.V.	The Netherlands	99.9	100
BCRE Leipzig Wohnen Ost B.V.	The Netherlands	99.9	100

(1) jointly controlled

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Appendix of holdings (Cont.)

	Country of incorporation	December 31,	
		2020	2019
		% in equity	
BCRE Leipzig Wohnen West B.V.	The Netherlands	99.9	100
Investpartner Gmbh	Germany	94.9	94.9
BRACK CAPITAL (WUPPERTAL) GMBH	Germany	100	100
BCRE Kassel I B.V (former BCRE UK B.V)	The Netherlands	100	100
Brack Capital Germany (Netherlands) XXII B.V.	The Netherlands	100	100
BCRE Dortmund Wohnen B.V.	The Netherlands	99.9	100
BCRE Duisburg Wohnen B.V.	The Netherlands	99.9	100
BCRE Essen Wohnen B.V.	The Netherlands	99.9	100
Brack Capital Germany (Netherlands) XXXVI B.V.	The Netherlands	99.9	100
Brack Capital Germany (Netherlands) XVII B.V.	The Netherlands	100	100
Brack Capital Germany (Netherlands) XVIII B.V.	The Netherlands	100	100
Brack Capital Germany (Netherlands) XXIII B.V.	The Netherlands	100	100
Brack Capital Germany (Netherlands) XXV B.V.	The Netherlands	100	100
Admiralty Holdings Ltd	Gibraltar	10.1	10.1
BCRE Eta B.V.	The Netherlands	100	100
Brack Capital Labda B.V.	The Netherlands	100	100
Hanse Holdings S.á r.l.	Luxemburg	10.1	10.1
Graniak Leipzig Real Estate GmbH & Co. KG	Germany	99.9	100
Brack Capital Germany (Netherlands) XXIV B.V	The Netherlands	10.1	10.1
Brack Capital Germany (Netherlands) XXXV BV	The Netherlands	99.9	100
Brack Capital Germany (Netherlands) XXXVII BV	The Netherlands	99.9	100
Brack Capital Germany (Netherlands) XXXVIII BV	The Netherlands	99.9	100
Brack Capital Germany (Netherlands) XL BV	The Netherlands	100	100
Parkblick Gmbh & Co. KG	Germany	99.9	100
Capital Germany (Netherlands) XXXIX BV	The Netherlands	99.9	100
Brack Capital Germany (Netherlands) XLI BV	The Netherlands	99.9	100
Brack Capital Germany (Netherlands) XLII BV	The Netherlands	99.9	100
Brack Capital Germany (Netherlands) XLV BV	The Netherlands	100	100
Brack Capital Theta B.V.	The Netherlands	100	100
Brack Capital Germany (Netherlands) XLIII BV	The Netherlands	100	100
Brack Capital Germany (Netherlands) XLIV BV	The Netherlands	99.9	100
Brack Capital Germany (Netherlands) XXXI BV	The Netherlands	99.9	100
Brack Capital Germany (Netherlands) XLVI BV	The Netherlands	100	100
NFB SÜD GmbH & Co. KG (2)	Germany	-	50
Brack Capital Germany (Netherlands) L B.V.	The Netherlands	100	100
Brack Capital Germany (Netherlands) LI B.V.	The Netherlands	99.9	100
Brack Capital Germany (Netherlands) LII B.V.	The Netherlands	100	100
Brack Capital Germany (Netherlands) LIII B.V.	The Netherlands	99.9	100
Brack Capital Germany (Netherlands) LIV B.V.	The Netherlands	100	100
Brack Capital Germany (Netherlands) LV B.V.	The Netherlands	100	100
Brack Capital Germany (Netherlands) XLVII B.V.	The Netherlands	99.9	100

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Brack Capital Germany (Netherlands) XLVIII B.V.	The Netherlands	100	100
SHIB Capital Future Services Ltd.	Israel	100	100
RT Facility Management GmbH & Co. KG	Germany	100	100
Brack Capital Patros GmbH	Germany	100	100
Brack Capital Halle I GmbH	Germany	94.8	94.9
Brack Capital Halle II GmbH	Germany	94.8	94.9
Brack Capital Halle III GmbH	Germany	94.8	94.9
Brack Capital Halle IV GmbH	Germany	94.8	94.9
Brack Capital Halle V GmbH	Germany	94.8	94.9
Brack Capital Leipzig I GmbH	Germany	94.8	94.9
Brack Capital Leipzig II GmbH	Germany	94.8	94.9
Brack Capital Leipzig III GmbH	Germany	94.8	94.9
Brack Capital Leipzig IV GmbH	Germany	94.8	94.9
Brack Capital Leipzig V GmbH	Germany	94.8	94.9
Brack Capital Leipzig VI GmbH	Germany	94.8	94.9
Brack Capital Magdeburg II GmbH	Germany	94.8	94.9
Brack Capital Magdeburg III GmbH	Germany	94.8	94.9
Brack Capital Magdeburg IV GmbH	Germany	94.8	94.9
Brack Capital Magdeburg V GmbH	Germany	94.8	94.9
Brack Capital Magdeburg VI GmbH	Germany	94.8	94.9
Glasmacherviertel GmbH & Co. KG ¹	Germany	25	100
BCP Invest Rostock B.V.	The Netherlands	100	100
BCP Invest Celle B.V.	The Netherlands	100	100
BCP Invest Castrop B.V.	The Netherlands	100	100

(*) Regarding the agreement for the sale of 75% of this entity see Note 7 (3).

(1) Jointly controlled

(2) The Company was sold in 2020.

COMPANY-ONLY FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2020

IN THOUSANDS OF EUROS

COMPANY-ONLY STATEMENT OF FINANCIAL POSITION

	December 31,	
	2020	2019
	Euros in thousands	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (1)	972	1,320
Cash and cash equivalents in trust (1)	7,284	2,784
Restricted deposits, financial assets and other receivables (1)	663	2,747
	<u>8,919</u>	<u>6,851</u>
NON-CURRENT ASSETS:		
Investment in investee	833,121	815,976
Investment in marketable financial asset measured at fair value through profit or loss	36,093	35,655
	<u>869,214</u>	<u>851,631</u>
	<u>878,133</u>	<u>858,482</u>
<u>Current Liabilities</u>		
Current maturity of debentures	10,013	25,780
Other payables and other financial liabilities	424	1,267
	<u>10,437</u>	<u>27,047</u>
<u>Non-Current Liabilities</u>		
Debentures	62,967	74,639
Loans from controlling shareholder	-	44,762
	<u>62,967</u>	<u>119,401</u>
<u>Equity</u>		
Share Capital	77	77
Premium on Shares	144,237	144,237
Treasury Shares	(746)	(746)
Other capital reserves	584	584
Statutory capital reserve	438,591	359,944
Retained earnings	221,986	207,938
	<u>804,729</u>	<u>712,034</u>
<u>Total equity</u>	<u>878,133</u>	<u>858,482</u>

(1) As of December 31, 2020, the Company has a balance of € 769 thousand (in 2019 - € 933 thousand) denominated in NIS
20 August 2021

Date of approval of the financial statements	Patrick Burke Chairman of the Board of Directors	Thierry Beaudemoulin CEO	Eran Edelman CFO
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The accompanying additional information is an integral part of the financial data and the separate financial information

COMPANY-ONLY INCOME STATEMENT

	Year ended December 31,		
	2020	2019	2018
	Euros in thousands		
Administrative and general expenses	(2,361)	(2,399)	(1,925)
Financial income (expenses), net	(650)	(15,284)	3,696
Equity in earnings of investees	95,706	36,001	99,148
Net and comprehensive income	92,695	18,318	100,919

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

NOTES TO THE COMPANY-ONLY FINANCIAL STATEMENTS

The consolidated financial statements are part of the 2020 financial statements of the company.

With regard to the company-only income statement, the company applies the exemption of article 2:402 BW.

If there is no further explanation provided to the items in the company-only statement of financial positions and the company-only income statement, please refer to the notes in the consolidated statement of financial position and statement of income.

The principles for the valuation of assets and liabilities and the determination of the result are the same as those applied to the consolidated statement of income.

Subsidiaries are accounted for at fair value in accordance with IAS 27. Management has estimated that the net asset value of its subsidiaries is a reliable indicator of the fair value.

As at 31 December 2020 the company has two direct 100% subsidiaries: Brack German Properties B.V. (The Netherlands) and Brack European KFT (Hungary).

Brack Capital Properties N.V. forms a fiscal unity with Brack German Properties B.V., Brack Capital Germany (Netherlands) XLV BV and Brack Capital Germany (Netherlands) Hedging B.V. for the corporate income tax in the Netherlands.

Shares of Brack German Properties B.V. are pledged as part of certain financing agreements.

Material events in the reported period

- a. 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 December 31, 2019 EUR 44.2 million were drawn down. In January and March 2020, the Company repaid the entire debt to the controlling shareholder so as of the report date, no debt balance is owed by the Company to the controlling shareholder. 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 drawn down funds without penalty. No financial covenants were set for the loan and no collaterals were provided by the Company.
- b. On March 31, 2020, the Company's Board of Directors decided on early and full redemption of the Company's debentures (Series A). On April 20, 2020, the final redemption was carried out and a consideration of NIS 61,776 thousand (EUR 15,882 thousand) was paid to the Company's bondholders (Series A). The final redemption amount reflected a compensation for the early redemption in a total amount of approximately NIS 387 thousand (approximately EUR 100 thousand) was included in financing expenses for the period.
- c. On August 12, 2020, the Company announced that following the recommendation and approval of the Company's remuneration committee, the Company's board of directors decided to approve the Company's new remuneration policy, stating that despite the objection of the general meeting that was held on July 29, 2020, the approval of the new remuneration policy is in the best interest of the Company all in accordance with section 267A (c) of the Companies Law, -1999. The approved remuneration policy also regulates directors' remuneration and officers' remuneration including the determination of fixed and variable components of officers' remuneration, expense reimbursement, retirement conditions and indemnification and insurance. The approved remuneration policy also regulates situations in which the officers provide services to both the Company's parent company and the Company and will be in effect for a period of three years from July 29, 2020.

COMPANY-ONLY INCOME STATEMENT

- d. On October 21, 2020, the Company's CEO announced the termination of its term. The employment agreement of the Company's CEO was not approved by the general meeting of the Company and accordingly no early notice period is available to him. On December 1, 2020, Thierry Beaudemoulin was appointed as the Company's CEO.

NOTE 26:- EMOLUMENTS OF DIRECTORS

The emoluments, as intended in Section 2:383(1) of the Netherlands Civil Code, which were charged in the financial year to the Company and group companies, amounted to EUR 555 thousand for directors.

	Total remuneration of the directors in 2020
	EUR in thousands
Meir Jacobson	86
Noah Schaham	101
Friedrich Munsberg	97
Jeroen Dorenbos	62
Daniel Moser	62
Patrick Burke	57
Claus Jorgensen	48
Machiel Hoek	4
Nicolas Van Ommen	38
	555
	555

NOTE 27:- FEES OF THE AUDITOR

With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees for the financial year have been charged by IUS Statutory Audits Coöperatie U.A. and other auditors to the Company, its subsidiaries and other consolidated entities:

	IUS Statutory Audits	Other auditors	Total
	Euros in thousands		
Audit and assurance services	33	308	341
Other services	63	-	63
	96	308	404
	96	308	404

OTHER INFORMATION

Provisions of the Articles of Association for the appropriation of profits

Regarding the dividend policy of the company, please refer to the Board of director reports under section 4 of the preamble. Profits are appropriated in accordance with article 20 of the Articles of Association Brack Capital Properties N.V.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To: the shareholders of Brack Capital Properties N.V.

A. Report on the audit of the financial statements 2020 included in the annual report**Our opinion**

We have audited the financial statements 2020 of Brack Capital Properties N.V., based in Amsterdam. In our opinion the accompanying financial statements give a true and fair view of the financial position of Brack Capital Properties N.V. as at December 31, 2020, and of its result and its cash flows for 2020 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the consolidated and company-only statement of financial position as at December 31, 2020;
2. the following statements for 2020:
the consolidated and company-only income statement, the consolidated and company-only statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Brack Capital Properties N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management board's report;
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

COMPANY-ONLY INCOME STATEMENT

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the board of directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements**Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.

COMPANY-ONLY INCOME STATEMENT

Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amstelveen, **20 August 2021**

IUS Statutory Audits Coöperatie U.A.

Original signed by

L. Jalink

registeraccountant

Ref: IUS-BCP-LJ-WC-JR20-2/8/2021

נספח ב' – הצהרות המועמדים לכהן כדירקטורים בחברה

Date: 25/11/21

To: Brack Capital Properties N.V.
(the "Company")

Re: Declaration of an External Director in a Public Company

In accordance with the provisions of Section 241 of the Companies Law, 1999 (the "Companies Law"), I, the undersigned, Dan Lattov, (ID) passport number 02218321, hereby declare that:

1. I qualify to act as an "External Director" of the Company in accordance with the standards set out in Sections 224A, 224B, 240 and 241 of the Companies Law and in accordance with the Companies Regulations (Additional Types of Companies in which External Directors Who Are Not Residents of Israel May Be Appointed), 5766 – 2016.

2. For the purpose of this Declaration, defined terms shall have the meaning assigned to them below:

"Affiliation" –

– Work relationship, ongoing business or professional relationship or Control, position as an office holder, excluding a position of a director who was appointed as an external director in a company which is about to initiate an initial public offering of shares.

"Another Corporation(s)"

– A corporation which, at the relevant date of appointment, or during the two years preceding such date, is or was controlled by the Company or by the Controlling Shareholder(s) of the Company.

"Company"

– Brack Capital Properties N.V

"Control"

– The ability to direct the activities of a company, excluding an ability which is derived solely from performing the position of a director or other office holder in the company, and a person shall be presumed to have control over a company if such person holds 50% or more of either the voting rights in the general meeting of shareholders in the company or the rights to appoint directors or the general manager of the Company

"Controlling Shareholder(s)"

– A person who is capable of directing the operations of a corporation, except for an ability deriving solely from fulfilment of the position of a director or other office holder in the corporation, and a person who holds half or more of a certain type of means of control in the corporation, shall be presumed as having control of the corporation.

"Company Group and Affiliates" – (1) The Company, (2) The Controlling Shareholder of the Company, (3) A Relative of the Controlling Shareholder of the Company at the time of appointment, (4) Another Corporation(s), (5) The Chairman of the Board of Directors of the Company at the time of appointment, (6) The Chief Executive Officer of the Company at the time of appointment, (7) A shareholder of the Company who holds 5% or more of the issued share capital or voting rights in the Company at the time of appointment, or (8) The most senior officer of the Company in the financial area at the time of appointment.

"Relative" – Spouse, brother or sister, parent, parent's parent, offspring as well as an offspring, brother, sister or parent of the spouse or the spouse of each of the foregoing.

"Related or Competing Shareholder" – A person who fulfils both of the following conditions in a cumulative manner: (a) The shareholder who proposed the appointment or a substantial shareholder in the company (5% or more), (b) The shareholder or its Controlling Shareholder if such shareholder is a corporation, or a company under its control has business relations with the Company or they are competitors of the Company.

3. I have the ability to devote the appropriate amount of time for serving as a director in the Company, with due attention, inter alia, to the Company's special requirements and to its size. My education, qualifications and professional experience, past and present, provide me the professional qualifications required to perform my duties as director in the Company, inter alia, as set forth hereunder:

- 3.1. Academic education (degree, field and name of institution) including other education and professional certificates:

Degree/Academic Diploma	Name of academic institution
BA Economics	Tel-Aviv University
MBA	Tel-Aviv University

- 3.2. Principal occupations during the past five years (including previous positions in the Company and tenure as director in other corporations) – position, workplace name and field of operation and lengths of time in the position:

Position	Name of Work Place
ADGAR investments Ltd	Director
max credit cards Ltd	Director
maytronic LTD	Director

4. A declaration regarding Accounting and Financial Expertise / Professional Qualifications and supporting documents and certificates are attached as **Appendix A** to this Declaration. *[please delete if not relevant/delete comment prior to signing]*

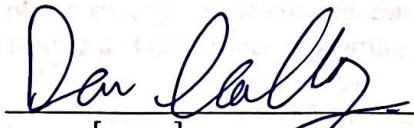
5. I am not a Relative of a Controlling Shareholder of the Company.

6. I do not hold any shares and/or convertible securities or securities exercisable into shares, of the Company or of a subsidiary of the Company or of an Affiliate of it or of an interested party.
7. At the time of my appointment to the Board of Directors of the Company, and during the two years preceding my appointment, neither I, nor my Relative(s), partner(s), employer(s), any person or entity to which I am directly or indirectly subordinated, or a corporate body in which I am a Controlling Shareholder, has or had any Affiliation to the Company Group and Affiliates.
8. Without limiting the generality of Section 7 above, at the time of my appointment to the Board of Directors of the Company, and during the two years preceding my appointment neither I, nor my Relative(s), partner(s), employer(s), any person or entity to which I am directly or indirectly subordinated, nor a corporate body in which I am a Controlling Shareholder, has or had any business or professional relationship with the Company Group and Affiliates or with a Related or Competing Shareholder, even if such relationships that are not ordinarily carried on, but excluding negligible relations, and I did not receive any remuneration in contravention of the provisions of Section 244(b) of the Companies Law.
9. My other positions and activities do not and are not likely to create a conflict-of-interests with my position as a director of the Company or to otherwise adversely affect my ability to serve as a director of the Company.
10. I hereby declare that in the past 5 years, I have not been convicted in a court judgment of any of the following offenses:
 - 10.1. Offenses under the Penal law 5737 – 1977 (the "**Penal Law**"):
 - 10.1.1. Sections 290 to 297 of the Penal Law dealing with bribery offenses;
 - 10.1.2. Section 392 of the Penal Law dealing with theft by an officer;
 - 10.1.3. Section 415 of the Penal Law dealing with obtaining anything by deceit;
 - 10.1.4. Sections 418 to 420 of the Penal Law dealing with forgery of documents, the presentation or issuance of a forged document or other use of such document in the knowledge that such document is forged ;
 - 10.1.5. Sections 422 to 428 of the Penal Law dealing with inducement by deceit, registering false records in corporate documents, offenses by an officer or employee of a company, concealment of information and the publication of misleading information by a senior office holder of the company, deceit and breach of trust towards a company, deceptive concealment, blackmail with use of force and or by means of threats.
 - 10.2. Offenses under the Securities Law 5728 - 1968 (the "**Securities Law**"):
 - 10.2.1. Section 52C of the Securities Law dealing with the use of inside information by an insider;
 - 10.2.2. Section 52D of the Securities Law dealing with the use of inside information which was originated by an insider;
 - 10.2.3. Section 53(a) of the Securities Law dealing with the contravention of provisions regarding the publication of a prospectus containing a misleading detail;

10.2.4. Section 54 of the Securities Law dealing with fraud in connection with securities (fraud includes any action which is intended to wrongly influence trading).

11. In the past 5 years, I have not been convicted:
- 11.1. By a court outside Israel of the offenses of bribery, deceit, offenses by managers of a corporation or offenses involving misuse of inside information;
 - 11.2. Of any other offense, that due to the substance, gravity or circumstances, a court has found me to be unfit to serve as a director in a public company or a debenture company.
12. I do not serve as a director of any other corporation, whose external directors, or any one of them, serve as a director of the Company.
13. I am not an employee of the Israeli Securities Authority or the Tel Aviv Stock Exchange.
14. I hereby declare that I am aware of the Companies Regulations (Rules Regarding Remuneration and Expenses for an External Director), 5760-2000 (hereinafter: the "**Remuneration Regulations**") and that:
- 14.1. I am aware that the annual remuneration and participation remuneration I shall be entitled to from the Company shall be up to the maximum amounts in accordance with the level at which the Company is classified and as specified in the Remuneration Regulations, to be determined by the Company from time to time;
 - 14.2. I have been informed of the amounts prescribed under section 14.1 above prior to providing my consent to serve in the position of an external director.
15. To the best of my knowledge, there is no other legal restriction in respect of my appointment or service as an external director of the Company.
16. I hereby undertake to immediately notify the Company if any of the aforesaid conditions in this declaration will cease to exist, and I am aware that my service as an external director of the Company shall expire on the date of providing such notice.
17. I acknowledge that the Company relied on the contents of this declaration upon confirmation of my service as external director in the Company, and that this declaration will be placed in the registered office of the Company for review by any person.

Yours faithfully,


 (DAN LAHLOUZI)

Appendix A
Declaration of a Director with Accounting and Financial Expertise and / or Professional Qualifications

In accordance with the Companies Regulations (Conditions and Tests for a Director with Accounting and Financial Expertise and a Director with Professional Qualification), 5766-2005 ("Expertise and Qualifications Regulations"), the Company's Board of Directors is required to assess whether you are a director with "Accounting and Financial Expertise" and/or "Professional Qualifications".

In accordance with the provisions of the Expertise and Qualifications Regulations, a director shall be deemed to have "Accounting and Financial Expertise" if, due to his education, experience and qualifications, he has a high level of proficiency and understanding of business-accounting issues and financial statements that enables him to understand in depth the financial statements of the Company and to stimulate discussion of the presentation of the financial data.

Among the considerations for assessing the accounting and financial skills, the director's education, experience and knowledge will be presented, inter alia, in the following matters:

1. Accounting issues and accounting control issues that are characteristic of the sector in which the Company operates and of companies of the size and complexity of the Company;
2. The functions of the auditor and the duties imposed on him;
3. Preparation and approval of financial statements under the Companies Law, 5759-1999 and the Securities Law, 5728-1968.

The Expertise and Qualifications Regulations also prescribe that a director shall be deemed to have "Professional Qualifications", insofar as one of the following applies:

1. He has an academic degree in one of the following subjects: Economics, Business Administration, Accounting, Law, Public Administration;
2. He has a different academic degree or has completed other higher education studies, all in the main field of the Company or in a relevant field for the position;
3. He has at least five years' experience in one of these, or has accumulated experience of five years in two or more of the following:
 - a. In a senior position in the field of business management of a corporation with a significant scope of business;
 - b. In a senior public office or in a senior position in the public service;
 - c. In a senior position in the Company's main field of operations.

In view of the above, please specify below your education, experience and skills in the relevant subjects, and attach documents and certificates supporting your statement.

Dan Lakkov 022183281

I, the undersigned, _____, holder of ID [____], hereby declare that:

1. I have an academic degree in the following subjects: as specified in the declaration to which this Appendix is attached.
2. I have completed other higher education studies in the field: as specified in the declaration to which this Appendix is attached.

Attached are documents and certificates supporting the above declaration.

Name: _____
 Signature: _____
 Date: _____

Dan Lakkov
[Signature]
 05/11/21

Date: 25/11/21

To: Brack Capital Properties N.V.
(the "**Company**")

Re: Declaration of a Director in a Public Company

In accordance with the provisions of Section 241 of the Companies Law, 1999 (the "**Companies Law**"), I, the undersigned, Thierry Beaudemoulin, ID/passport number 130475H00396, hereby declare that:

1. I qualify to act as a Director of the Company in accordance with the standards set out in Sections 224B of the Companies.
2. I have the ability to devote the appropriate amount of time for serving as a director in the Company, with due attention, inter alia, to the Company's special requirements and to its size. My education, qualifications and professional experience, past and present, provide me the professional qualifications required to perform my duties as director in the Company, inter alia, as set forth hereunder:
 - 2.1. Academic education (degree, field and name of institution) including other education and professional certificates:

Degree	Name of academic institution
Master Urban Planning	IEP Paris
Master Economics	IEP Paris

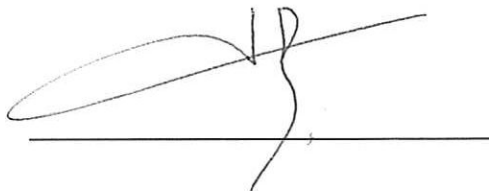
- 2.2. Principal occupations during the past five years (including previous positions in the Company and tenure as director in other corporations) – position, workplace name and field of operation and lengths of time in the position:

Position	Name of Work Place
Co-CEO	Adler Group
CEO Germany	COVIVIO

3. A declaration regarding Accounting and Financial Expertise / Professional Qualifications and supporting documents and certificates are attached as **Appendix A** to this Declaration. *[Please delete if not relevant]*
4. I hereby declare that in the past 5 years, I have not been convicted in a court judgment of any of the following offenses:
 - 4.1. Offenses under the Penal law 5737 – 1977 (the "**Penal Law**"):
 - 4.1.1. Sections 290 to 297 of the Penal Law dealing with bribery offenses;

- 4.1.2. Section 392 of the Penal Law dealing with theft by an officer;
 - 4.1.3. Section 415 of the Penal Law dealing with obtaining anything by deceit;
 - 4.1.4. Sections 418 to 420 of the Penal Law dealing with forgery of documents, the presentation or issuance of a forged document or other use of such document in the knowledge that such document is forged ;
 - 4.1.5. Sections 422 to 428 of the Penal Law dealing with inducement by deceit, registering false records in corporate documents, offenses by an officer or employee of a company, concealment of information and the publication of misleading information by a senior office holder of the company, deceit and breach of trust towards a company, deceptive concealment, blackmail with use of force and or by means of threats.
- 4.2. Offenses under the Securities Law 5728 - 1968 (the "**Securities Law**"):
- 4.2.1. Section 52C of the Securities Law dealing with the use of inside information by an insider;
 - 4.2.2. Section 52D of the Securities Law dealing with the use of inside information which was originated by an insider;
 - 4.2.3. Section 53(a) of the Securities Law dealing with the contravention of provisions regarding the publication of a prospectus containing a misleading detail;
 - 4.2.4. Section 54 of the Securities Law dealing with fraud in connection with securities (fraud includes any action which is intended to wrongly influence trading).
5. In the past 5 years, I have not been convicted:
- 5.1. By a court outside Israel of the offenses of bribery, deceit, offenses by managers of a corporation or offenses involving misuse of inside information;
 - 5.2. Of any other offense, that due to the substance, gravity or circumstances, a court has found me to be unfit to serve as a director in a public company or a debenture company.
6. To the best of my knowledge, there is no other legal restriction in respect of my appointment or service as a director of the Company.
7. I hereby undertake to immediately notify the Company if any of the aforesaid conditions in this declaration will cease to exist, and I am aware that my service as a director of the Company shall expire on the date of providing such notice.
8. I acknowledge that the Company relied on the contents of this declaration upon confirmation of my service as a director in the Company, and that this declaration will be placed in the registered office of the Company for review by any person.

Yours faithfully,



A handwritten signature in black ink, consisting of a large, stylized initial 'D' followed by a vertical line and a horizontal line at the bottom, all written over a horizontal line.

Appendix A
Declaration of a Director with Accounting and Financial Expertise and / or Professional Qualifications

In accordance with the Companies Regulations (Conditions and Tests for a Director with Accounting and Financial Expertise and a Director with Professional Qualification), 5766-2005 ("**Expertise and Qualifications Regulations**"), the Company's Board of Directors is required to assess whether you are a director with "Accounting and Financial Expertise" and/or "Professional Qualifications".

In accordance with the provisions of the Expertise and Qualifications Regulations, a director shall be deemed to have "Accounting and Financial Expertise" if, due to his education, experience and qualifications, he has a high level of proficiency and understanding of business-accounting issues and financial statements that enables him to understand in depth the financial statements of the Company and to stimulate discussion of the presentation of the financial data.

Among the considerations for assessing the accounting and financial skills, the director's education, experience and knowledge will be presented, inter alia, in the following matters:

1. Accounting issues and accounting control issues that are characteristic of the sector in which the Company operates and of companies of the size and complexity of the Company;
2. The functions of the auditor and the duties imposed on him;
3. Preparation and approval of financial statements under the Companies Law, 5759-1999 and the Securities Law, 5728-1968.

The Expertise and Qualifications Regulations also prescribe that a director shall be deemed to have "Professional Qualifications", insofar as one of the following applies:

1. He has an academic degree in one of the following subjects: Economics, Business Administration, Accounting, Law, Public Administration;
2. He has a different academic degree or has completed other higher education studies, all in the main field of the Company or in a relevant field for the position;
3. He has at least five years' experience in one of these, or has accumulated experience of five years in two or more of the following:
 - a. In a senior position in the field of business management of a corporation with a significant scope of business;
 - b. In a senior public office or in a senior position in the public service;
 - c. In a senior position in the Company's main field of operations.

In view of the above, please specify below your education, experience and skills in the relevant subjects, and attach documents and certificates supporting your statement.

I, the undersigned, Thierry Beaudemoulin, holder of ID 130475H00396, hereby declare that:

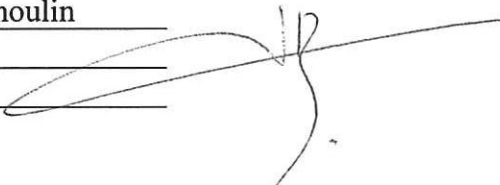
1. I have an academic degree in the following subjects: as specified in the declaration to which this Appendix is attached.
2. I have completed other higher education studies in the field: as specified in the declaration to which this Appendix is attached.

Attached are documents and certificates supporting the above declaration.

Name: Thierry Beaudemoulin

Signature _____

Date: 25/11/2021



Date: 25.11.2021

To: Brack Capital Properties N.V.
(the "**Company**")

Re: Declaration of a Director in a Public Company

In accordance with the provisions of Section 241 of the Companies Law, 1999 (the "**Companies Law**"), I, the undersigned, Jeroen Dorenbos, ID/passport number BR6K9F1R4 hereby declare that:

1. I qualify to act as a Director of the Company in accordance with the standards set out in Sections 224B of the Companies.
2. I have the ability to devote the appropriate amount of time for serving as a director in the Company, with due attention, inter alia, to the Company's special requirements and to its size. My education, qualifications and professional experience, past and present, provide me the professional qualifications required to perform my duties as director in the Company, inter alia, as set forth hereunder:
 - 2.1. Academic education (degree, field and name of institution) including other education and professional certificates:

<u>Degree</u>	<u>Name of academic institution</u>
Technical Business Engineer, Dipl Ing. / Ir.	Technical University Eindhoven Netherlands

- 2.2. Principal occupations during the past five years (including previous positions in the Company and tenure as director in other corporations) – position, workplace name and field of operation and lengths of time in the position:

<u>Position</u>	<u>Name of Work Place</u>
Independent Investor & related to this:	
Director of different companies:	AEIOU 101 GmbH
	AEIOU 103 GmbH
	Kap Horn Quartier Verwaltung GmbH
	SpAd 106 GmbH
	M2AC – D GmbH
	SpAd Holding GmbH
	SpAd Immobilien GmbH
	AEIOU 110 GmbH
	AEIOU 111 GmbH
	Spinam Silva GmbH
	Adore I Immobilien GmbH
	Adore Holding I GmbH

3. A declaration regarding Accounting and Financial Expertise / Professional Qualifications and supporting documents and certificates are attached as **Appendix A** to this Declaration.
4. I hereby declare that in the past 5 years, I have not been convicted in a court judgment of any of the following offenses:
 - 4.1. Offenses under the Penal law 5737 – 1977 (the "**Penal Law**"):
 - 4.1.1. Sections 290 to 297 of the Penal Law dealing with bribery offenses;
 - 4.1.2. Section 392 of the Penal Law dealing with theft by an officer;
 - 4.1.3. Section 415 of the Penal Law dealing with obtaining anything by deceit;
 - 4.1.4. Sections 418 to 420 of the Penal Law dealing with forgery of documents, the presentation or issuance of a forged document or other use of such document in the knowledge that such document is forged ;
 - 4.1.5. Sections 422 to 428 of the Penal Law dealing with inducement by deceit, registering false records in corporate documents, offenses by an officer or employee of a company, concealment of information and the publication of misleading information by a senior office holder of the company, deceit and breach of trust towards a company, deceptive concealment, blackmail with use of force and or by means of threats.
 - 4.2. Offenses under the Securities Law 5728 - 1968 (the "**Securities Law**"):
 - 4.2.1. Section 52C of the Securities Law dealing with the use of inside information by an insider;
 - 4.2.2. Section 52D of the Securities Law dealing with the use of inside information which was originated by an insider;
 - 4.2.3. Section 53(a) of the Securities Law dealing with the contravention of provisions regarding the publication of a prospectus containing a misleading detail;
 - 4.2.4. Section 54 of the Securities Law dealing with fraud in connection with securities (fraud includes any action which is intended to wrongly influence trading).
5. In the past 5 years, I have not been convicted:
 - 5.1. By a court outside Israel of the offenses of bribery, deceit, offenses by managers of a corporation or offenses involving misuse of inside information;
 - 5.2. Of any other offense, that due to the substance, gravity or circumstances, a court has found me to be unfit to serve as a director in a public company or a debenture company.
6. To the best of my knowledge, there is no other legal restriction in respect of my appointment or service as a director of the Company.
7. I hereby undertake to immediately notify the Company if any of the aforesaid conditions in this declaration will cease to exist, and I am aware that my service as a director of the Company shall expire on the date of providing such notice.

8. I acknowledge that the Company relied on the contents of this declaration upon confirmation of my service as a director in the Company, and that this declaration will be placed in the registered office of the Company for review by any person.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'J. J. J.', written over a horizontal line.

Appendix A
Declaration of a Director with Accounting and Financial Expertise and / or Professional Qualifications

In accordance with the Companies Regulations (Conditions and Tests for a Director with Accounting and Financial Expertise and a Director with Professional Qualification), 5766-2005 ("**Expertise and Qualifications Regulations**"), the Company's Board of Directors is required to assess whether you are a director with "Accounting and Financial Expertise" and/or "Professional Qualifications".

In accordance with the provisions of the Expertise and Qualifications Regulations, a director shall be deemed to have "Accounting and Financial Expertise" if, due to his education, experience and qualifications, he has a high level of proficiency and understanding of business-accounting issues and financial statements that enables him to understand in depth the financial statements of the Company and to stimulate discussion of the presentation of the financial data.

Among the considerations for assessing the accounting and financial skills, the director's education, experience and knowledge will be presented, inter alia, in the following matters:

1. Accounting issues and accounting control issues that are characteristic of the sector in which the Company operates and of companies of the size and complexity of the Company;
2. The functions of the auditor and the duties imposed on him;
3. Preparation and approval of financial statements under the Companies Law, 5759-1999 and the Securities Law, 5728-1968.

The Expertise and Qualifications Regulations also prescribe that a director shall be deemed to have "Professional Qualifications", insofar as one of the following applies:

1. He has an academic degree in one of the following subjects: Economics, Business Administration, Accounting, Law, Public Administration;
2. He has a different academic degree or has completed other higher education studies, all in the main field of the Company or in a relevant field for the position;
3. He has at least five years' experience in one of these, or has accumulated experience of five years in two or more of the following:
 - a. In a senior position in the field of business management of a corporation with a significant scope of business;
 - b. In a senior public office or in a senior position in the public service;
 - c. In a senior position in the Company's main field of operations.

In view of the above, please specify below your education, experience and skills in the relevant subjects, and attach documents and certificates supporting your statement.

I, the undersigned, Jeroen Dorenbos, holder of ID [BR6K9F1R4], hereby declare that:

1. I have an academic degree in the following subjects: as specified in the declaration to which this Appendix is attached.
2. I have completed other higher education studies in the field: as specified in the declaration to which this Appendix is attached.

Attached are documents and certificates supporting the above declaration.

Name: Jeroen Dorenbos

Signature _____



Date:

25.11.2021

Date: 25 Nov 2021

To: Brack Capital Properties N.V.
(the "**Company**")

Re: Declaration of a Director in a Public Company

In accordance with the provisions of Section 241 of the Companies Law, 1999 (the "**Companies Law**"), I, the undersigned, Machiel Hoek, ID/passport number NSK1LRDB6 hereby declare that:

1. I qualify to act as a Director of the Company in accordance with the standards set out in Sections 224B of the Companies.
2. I have the ability to devote the appropriate amount of time for serving as a director in the Company, with due attention, inter alia, to the Company's special requirements and to its size. My education, qualifications and professional experience, past and present, provide me the professional qualifications required to perform my duties as director in the Company, inter alia, as set forth hereunder:
 - 2.1. Academic education (degree, field and name of institution) including other education and professional certificates:

<u>Degree</u>	<u>Name of academic institution</u>
Master (MA) in Economics	Vrije Universiteit Amsterdam
Postgraduate Chartered Accountant	Vrije Universiteit Amsterdam
Postgraduate Master of Real Estate	ASRE/Universiteit van Amsterdam

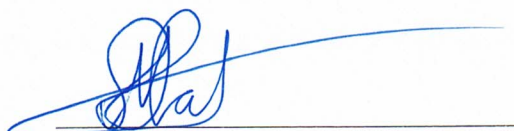
- 2.2. Principal occupations during the past five years (including previous positions in the Company and tenure as director in other corporations) – position, workplace name and field of operation and lengths of time in the position:

<u>Position</u>	<u>Name of Work Place</u>
Partner	Sincerius Transaction Services (2014-current)
Owner	Perceality – Financial Intelligence (2014-current)
Member of the Board	Toekomstvormers (2017-current)

3. A declaration regarding Accounting and Financial Expertise / Professional Qualifications and supporting documents and certificates are attached as **Appendix A** to this Declaration.
4. I hereby declare that in the past 5 years, I have not been convicted in a court judgment of any of the following offenses:
 - 4.1. Offenses under the Penal law 5737 – 1977 (the "**Penal Law**"):
 - 4.1.1. Sections 290 to 297 of the Penal Law dealing with bribery offenses;

- 4.1.2. Section 392 of the Penal Law dealing with theft by an officer;
 - 4.1.3. Section 415 of the Penal Law dealing with obtaining anything by deceit;
 - 4.1.4. Sections 418 to 420 of the Penal Law dealing with forgery of documents, the presentation or issuance of a forged document or other use of such document in the knowledge that such document is forged ;
 - 4.1.5. Sections 422 to 428 of the Penal Law dealing with inducement by deceit, registering false records in corporate documents, offenses by an officer or employee of a company, concealment of information and the publication of misleading information by a senior office holder of the company, deceit and breach of trust towards a company, deceptive concealment, blackmail with use of force and or by means of threats.
- 4.2. Offenses under the Securities Law 5728 - 1968 (the "**Securities Law**"):
- 4.2.1. Section 52C of the Securities Law dealing with the use of inside information by an insider;
 - 4.2.2. Section 52D of the Securities Law dealing with the use of inside information which was originated by an insider;
 - 4.2.3. Section 53(a) of the Securities Law dealing with the contravention of provisions regarding the publication of a prospectus containing a misleading detail;
 - 4.2.4. Section 54 of the Securities Law dealing with fraud in connection with securities (fraud includes any action which is intended to wrongly influence trading).
5. In the past 5 years, I have not been convicted:
- 5.1. By a court outside Israel of the offenses of bribery, deceit, offenses by managers of a corporation or offenses involving misuse of inside information;
 - 5.2. Of any other offense, that due to the substance, gravity or circumstances, a court has found me to be unfit to serve as a director in a public company or a debenture company.
6. To the best of my knowledge, there is no other legal restriction in respect of my appointment or service as a director of the Company.
7. I hereby undertake to immediately notify the Company if any of the aforesaid conditions in this declaration will cease to exist, and I am aware that my service as a director of the Company shall expire on the date of providing such notice.
8. I acknowledge that the Company relied on the contents of this declaration upon confirmation of my service as a director in the Company, and that this declaration will be placed in the registered office of the Company for review by any person.

Yours faithfully,



A handwritten signature in blue ink, consisting of stylized initials and a surname, is written over a horizontal line.

Appendix A
Declaration of a Director with Accounting and Financial Expertise and / or Professional Qualifications

In accordance with the Companies Regulations (Conditions and Tests for a Director with Accounting and Financial Expertise and a Director with Professional Qualification), 5766-2005 ("**Expertise and Qualifications Regulations**"), the Company's Board of Directors is required to assess whether you are a director with "Accounting and Financial Expertise" and/or "Professional Qualifications".

In accordance with the provisions of the Expertise and Qualifications Regulations, a director shall be deemed to have "Accounting and Financial Expertise" if, due to his education, experience and qualifications, he has a high level of proficiency and understanding of business-accounting issues and financial statements that enables him to understand in depth the financial statements of the Company and to stimulate discussion of the presentation of the financial data.

Among the considerations for assessing the accounting and financial skills, the director's education, experience and knowledge will be presented, inter alia, in the following matters:

1. Accounting issues and accounting control issues that are characteristic of the sector in which the Company operates and of companies of the size and complexity of the Company;
2. The functions of the auditor and the duties imposed on him;
3. Preparation and approval of financial statements under the Companies Law, 5759-1999 and the Securities Law, 5728-1968.

The Expertise and Qualifications Regulations also prescribe that a director shall be deemed to have "Professional Qualifications", insofar as one of the following applies:

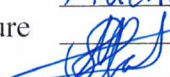
1. He has an academic degree in one of the following subjects: Economics, Business Administration, Accounting, Law, Public Administration;
2. He has a different academic degree or has completed other higher education studies, all in the main field of the Company or in a relevant field for the position;
3. He has at least five years' experience in one of these, or has accumulated experience of five years in two or more of the following:
 - a. In a senior position in the field of business management of a corporation with a significant scope of business;
 - b. In a senior public office or in a senior position in the public service;
 - c. In a senior position in the Company's main field of operations.

In view of the above, please specify below your education, experience and skills in the relevant subjects, and attach documents and certificates supporting your statement.

I, the undersigned, Machiel Hoek, holder of ID NSK1LRDB6, hereby declare that:

1. I have an academic degree in the following subjects: as specified in the declaration to which this Appendix is attached.
2. I have completed other higher education studies in the field: as specified in the declaration to which this Appendix is attached.

Attached are documents and certificates supporting the above declaration.

Name: Machiel Hoek
 Signature: 
 Date: 25- Nov - 2021

25- Nov - 2021

Date: 25.11.21

To: Brack Capital Properties N.V.
(the "**Company**")

Re: Declaration of a Director in a Public Company

In accordance with the provisions of Section 241 of the Companies Law, 1999 (the "**Companies Law**"), I, the undersigned, Noah Shacham, ID/passport number 488636073, hereby declare that:

1. I qualify to act as a Director of the Company in accordance with the standards set out in Sections 224B of the Companies.
2. I have the ability to devote the appropriate amount of time for serving as a director in the Company, with due attention, inter alia, to the Company's special requirements and to its size. My education, qualifications and professional experience, past and present, provide me the professional qualifications required to perform my duties as director in the Company, inter alia, as set forth hereunder:
 - 2.1. Academic education (degree, field and name of institution) including other education and professional certificates:

<u>Degree</u>	<u>Name of academic institution</u>
MBA	Kellogg School of Management Northwestern University

- 2.2. Principal occupations during the past five years (including previous positions in the Company and tenure as director in other corporations) – position, workplace name and field of operation and lengths of time in the position:

<u>Position</u>	<u>Name of Work Place</u>
Managing Director	Catalyst Ventures

3. A declaration regarding Accounting and Financial Expertise / Professional Qualifications and supporting documents and certificates are attached as **Appendix A** to this Declaration. *[Please delete if not relevant]*
4. I hereby declare that in the past 5 years, I have not been convicted in a court judgment of any of the following offenses:
 - 4.1. Offenses under the Penal law 5737 – 1977 (the "**Penal Law**"):
 - 4.1.1. Sections 290 to 297 of the Penal Law dealing with bribery offenses;

- 4.1.2. Section 392 of the Penal Law dealing with theft by an officer;
 - 4.1.3. Section 415 of the Penal Law dealing with obtaining anything by deceit;
 - 4.1.4. Sections 418 to 420 of the Penal Law dealing with forgery of documents, the presentation or issuance of a forged document or other use of such document in the knowledge that such document is forged ;
 - 4.1.5. Sections 422 to 428 of the Penal Law dealing with inducement by deceit, registering false records in corporate documents, offenses by an officer or employee of a company, concealment of information and the publication of misleading information by a senior office holder of the company, deceit and breach of trust towards a company, deceptive concealment, blackmail with use of force and or by means of threats.
- 4.2. Offenses under the Securities Law 5728 - 1968 (the "**Securities Law**"):
- 4.2.1. Section 52C of the Securities Law dealing with the use of inside information by an insider;
 - 4.2.2. Section 52D of the Securities Law dealing with the use of inside information which was originated by an insider;
 - 4.2.3. Section 53(a) of the Securities Law dealing with the contravention of provisions regarding the publication of a prospectus containing a misleading detail;
 - 4.2.4. Section 54 of the Securities Law dealing with fraud in connection with securities (fraud includes any action which is intended to wrongly influence trading).
5. In the past 5 years, I have not been convicted:
- 5.1. By a court outside Israel of the offenses of bribery, deceit, offenses by managers of a corporation or offenses involving misuse of inside information;
 - 5.2. Of any other offense, that due to the substance, gravity or circumstances, a court has found me to be unfit to serve as a director in a public company or a debenture company.
6. To the best of my knowledge, there is no other legal restriction in respect of my appointment or service as a director of the Company.
7. I hereby undertake to immediately notify the Company if any of the aforesaid conditions in this declaration will cease to exist, and I am aware that my service as a director of the Company shall expire on the date of providing such notice.
8. I acknowledge that the Company relied on the contents of this declaration upon confirmation of my service as a director in the Company, and that this declaration will be placed in the registered office of the Company for review by any person.

Yours faithfully,

N. Shacham

Appendix A
Declaration of a Director with Accounting and Financial Expertise and / or Professional Qualifications

In accordance with the Companies Regulations (Conditions and Tests for a Director with Accounting and Financial Expertise and a Director with Professional Qualification), 5766-2005 ("**Expertise and Qualifications Regulations**"), the Company's Board of Directors is required to assess whether you are a director with "Accounting and Financial Expertise" and/or "Professional Qualifications".

In accordance with the provisions of the Expertise and Qualifications Regulations, a director shall be deemed to have "Accounting and Financial Expertise" if, due to his education, experience and qualifications, he has a high level of proficiency and understanding of business-accounting issues and financial statements that enables him to understand in depth the financial statements of the Company and to stimulate discussion of the presentation of the financial data.

Among the considerations for assessing the accounting and financial skills, the director's education, experience and knowledge will be presented, inter alia, in the following matters:

1. Accounting issues and accounting control issues that are characteristic of the sector in which the Company operates and of companies of the size and complexity of the Company;
2. The functions of the auditor and the duties imposed on him;
3. Preparation and approval of financial statements under the Companies Law, 5759-1999 and the Securities Law, 5728-1968.

The Expertise and Qualifications Regulations also prescribe that a director shall be deemed to have "Professional Qualifications", insofar as one of the following applies:

1. He has an academic degree in one of the following subjects: Economics, Business Administration, Accounting, Law, Public Administration;
2. He has a different academic degree or has completed other higher education studies, all in the main field of the Company or in a relevant field for the position;
3. He has at least five years' experience in one of these, or has accumulated experience of five years in two or more of the following:
 - a. In a senior position in the field of business management of a corporation with a significant scope of business;
 - b. In a senior public office or in a senior position in the public service;
 - c. In a senior position in the Company's main field of operations.

In view of the above, please specify below your education, experience and skills in the relevant subjects, and attach documents and certificates supporting your statement.

I, the undersigned, Noah Shacham, holder of passport number 488636073, hereby declare that:

1. I have an academic degree in the following subjects: as specified in the declaration to which this Appendix is attached.
2. I have completed other higher education studies in the field: as specified in the declaration to which this Appendix is attached.

Attached are documents and certificates supporting the above declaration.

Name: Noah Shacha
 Signature: *N. Shacham*
 Date: 25.11.21

Date: _____

To: Brack Capital Properties N.V.
(the "**Company**")

Re: Declaration of a Director in a Public Company

In accordance with the provisions of Section 241 of the Companies Law, 1999 (the "**Companies Law**"), I, the undersigned, Patrick Burke, ID/passport number 520587847, hereby declare that:

1. I qualify to act as a Director of the Company in accordance with the standards set out in Sections 224B of the Companies.
2. I have the ability to devote the appropriate amount of time for serving as a director in the Company, with due attention, inter alia, to the Company's special requirements and to its size. My education, qualifications and professional experience, past and present, provide me the professional qualifications required to perform my duties as director in the Company, inter alia, as set forth hereunder:
 - 2.1. Academic education (degree, field and name of institution) including other education and professional certificates:

<u>Degree</u>	<u>Name of academic institution</u>

- 2.2. Principal occupations during the past five years (including previous positions in the Company and tenure as director in other corporations) – position, workplace name and field of operation and lengths of time in the position:

<u>Position</u>	<u>Name of Work Place</u>

3. A declaration regarding Accounting and Financial Expertise / Professional Qualifications and supporting documents and certificates are attached as **Appendix A** to this Declaration. *[Please delete if not relevant]*
4. I hereby declare that in the past 5 years, I have not been convicted in a court judgment of any of the following offenses:
 - 4.1. Offenses under the Penal law 5737 – 1977 (the "**Penal Law**"):
 - 4.1.1. Sections 290 to 297 of the Penal Law dealing with bribery offenses;

- 4.1.2. Section 392 of the Penal Law dealing with theft by an officer;
 - 4.1.3. Section 415 of the Penal Law dealing with obtaining anything by deceit;
 - 4.1.4. Sections 418 to 420 of the Penal Law dealing with forgery of documents, the presentation or issuance of a forged document or other use of such document in the knowledge that such document is forged ;
 - 4.1.5. Sections 422 to 428 of the Penal Law dealing with inducement by deceit, registering false records in corporate documents, offenses by an officer or employee of a company, concealment of information and the publication of misleading information by a senior office holder of the company, deceit and breach of trust towards a company, deceptive concealment, blackmail with use of force and or by means of threats.
- 4.2. Offenses under the Securities Law 5728 - 1968 (the "**Securities Law**"):
- 4.2.1. Section 52C of the Securities Law dealing with the use of inside information by an insider;
 - 4.2.2. Section 52D of the Securities Law dealing with the use of inside information which was originated by an insider;
 - 4.2.3. Section 53(a) of the Securities Law dealing with the contravention of provisions regarding the publication of a prospectus containing a misleading detail;
 - 4.2.4. Section 54 of the Securities Law dealing with fraud in connection with securities (fraud includes any action which is intended to wrongly influence trading).
5. In the past 5 years, I have not been convicted:
- 5.1. By a court outside Israel of the offenses of bribery, deceit, offenses by managers of a corporation or offenses involving misuse of inside information;
 - 5.2. Of any other offense, that due to the substance, gravity or circumstances, a court has found me to be unfit to serve as a director in a public company or a debenture company.
6. To the best of my knowledge, there is no other legal restriction in respect of my appointment or service as a director of the Company.
7. I hereby undertake to immediately notify the Company if any of the aforesaid conditions in this declaration will cease to exist, and I am aware that my service as a director of the Company shall expire on the date of providing such notice.
8. I acknowledge that the Company relied on the contents of this declaration upon confirmation of my service as a director in the Company, and that this declaration will be placed in the registered office of the Company for review by any person.

Yours faithfully,

Appendix A
Declaration of a Director with Accounting and Financial Expertise and / or Professional Qualifications

In accordance with the Companies Regulations (Conditions and Tests for a Director with Accounting and Financial Expertise and a Director with Professional Qualification), 5766-2005 ("**Expertise and Qualifications Regulations**"), the Company's Board of Directors is required to assess whether you are a director with "Accounting and Financial Expertise" and/or "Professional Qualifications".

In accordance with the provisions of the Expertise and Qualifications Regulations, a director shall be deemed to have "Accounting and Financial Expertise" if, due to his education, experience and qualifications, he has a high level of proficiency and understanding of business-accounting issues and financial statements that enables him to understand in depth the financial statements of the Company and to stimulate discussion of the presentation of the financial data.

Among the considerations for assessing the accounting and financial skills, the director's education, experience and knowledge will be presented, inter alia, in the following matters:

1. Accounting issues and accounting control issues that are characteristic of the sector in which the Company operates and of companies of the size and complexity of the Company;
2. The functions of the auditor and the duties imposed on him;
3. Preparation and approval of financial statements under the Companies Law, 5759-1999 and the Securities Law, 5728-1968.

The Expertise and Qualifications Regulations also prescribe that a director shall be deemed to have "Professional Qualifications", insofar as one of the following applies:

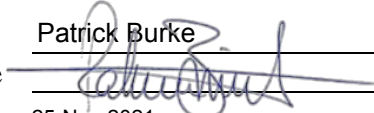
1. He has an academic degree in one of the following subjects: Economics, Business Administration, Accounting, Law, Public Administration;
2. He has a different academic degree or has completed other higher education studies, all in the main field of the Company or in a relevant field for the position;
3. He has at least five years' experience in one of these, or has accumulated experience of five years in two or more of the following:
 - a. In a senior position in the field of business management of a corporation with a significant scope of business;
 - b. In a senior public office or in a senior position in the public service;
 - c. In a senior position in the Company's main field of operations.

In view of the above, please specify below your education, experience and skills in the relevant subjects, and attach documents and certificates supporting your statement.

I, the undersigned, _____, holder of ID [_____], hereby declare that:

1. I have an academic degree in the following subjects: as specified in the declaration to which this Appendix is attached.
2. I have completed other higher education studies in the field: as specified in the declaration to which this Appendix is attached.

Attached are documents and certificates supporting the above declaration.

Name: Patrick Burke
 Signature: 
 Date: 25-Nov-2021

נספח ג' – פרטים אודות המועמדים לכהן כדירקטורים בחברה בהתאם לסעיף 26 לתקנות ניירות ערך
(דוחות תקופתיים ומיידיים), התש"ל-1970

Annex _

Name as appears in passport	DAN LALOUZ
Identity Card Number	022183221 ID ISRAEL
Date of Birth	30-11-1965
Address for the submission of court documents	48 Levy Eshkol Av. Apt # 25 Tel-Aviv 6236133
Citizenship	ISRAELI
Membership on Board Committees	
Is the Director an independent director or an external director as defined in the Israeli Companies Law, 1999; whether he has accounting and financial expertise or professional training and whether he is an external expert director;	external director with financial expertise
Is the Director an employee of the Company, of a subsidiary, of an affiliated company or of a stakeholder?	NO
Date of Appointment	
Education	B.A Economics MBA Tel Aviv University
Employment during the past five (5) years	self employed
List of corporations in which the Director serves as a director	ADgar investments LTD. max credit card LTD.
Is the Director a relative of another stakeholder of the Company?	NO
Does the Company regard the Director as an accounting and financial expert for the purposes of meeting the minimum number determined by the Board of Directors?	yes.

Annex __

<u>Name as appears in passport</u>	
Identity Card Number	130475H00396
Date of Birth	07.05.1971
Address for the submission of court documents	Am Karlsbad 11 10785 Berlin Germany
Citizenship	French
Membership on Board Committees	
Is the Director an independent director or an external director as defined in the Israeli Companies Law, 1999; whether he has accounting and financial expertise or professional training and whether he is an external expert director;	No
Is the Director an employee of the Company, of a subsidiary, of an affiliated company or of a stakeholder?	Yes
Date of Appointment	
Education	Master Urban planning – IEP Paris Master Economics – IEP Paris
Employment during the past five (5) years	Co-CEO Adler Group CEO Germany COVIVIO
List of corporations in which the Director serves as a director	Adler real Estate AG Adler Group SA Consus Real Estate AG
Is the Director a relative of another stakeholder of the Company?	No
Does the Company regard the Director as an accounting and financial expert for the purposes of meeting the minimum number determined by the Board of Directors?	No

נספח ד' - כתב הצבעה לפי תקנות החברות (הצבעה בכתב והודעות עמדה), תשס"ו-2005

בראק קפיטל פרופרטיז אן.וי. ("החברה")

כתב הצבעה לפי תקנות החברות (הצבעה בכתב והודעות עמדה), תשס"ו-2005 ("התקנות")

חלק ראשון

דוח זימון האסיפה הכללית שכתב הצבעה זה מהווה נספח לו ייקרא להלן "הדוח המיידני" או "דוח הזימון"

1. שם החברה :

בראק קפיטל פרופרטיז אן.וי ("החברה").

2. סוג האסיפה, המועד והמקום לכינוסה :

אסיפה כללית שנתית ומיוחדת של בעלי מניות החברה ("האסיפה"). האסיפה תתכנס ביום 30 בדצמבר, 2021, בשעה 16:00 CEST, באמצעות שיחת ועידה טלפונית. פרטי ההתקשרות יימסרו על ידי נציגי החברה לעניין דוח הזימון (כמפורט בסעיף **Error! Reference source not found.** לדוח הזימון) וזאת כנגד הצגת אישור בעלות וייפוי כוח להשתתפות באסיפה (ככל הרלוונטי).

3. פירוט הנושא שעל סדר היום, אשר לגביו ניתן להצביע באמצעות כתב הצבעה :

3.1. דין ואישור הדוח השנתי והדוחות הכספיים של החברה לשנת 2020 (נערך בהתאם לדין ההולנדי)
מוצע לאשר את הדוח הכספי השנתי הסטטוטורי לפי הדין ההולנדי לשנת 2020 כפי שהוא נערך בהתאם לתקני IFRS ("הדוח הכספי הסטטוטורי ההולנדי"), בהתאם לאמור בסעיף 1.2 לדוח הזימון.

3.2. מינוי מחדש של רואי חשבון מבקרים בישראל

מוצע למנות מחדש את PKF עמית, חלפון כרואי החשבון החיצוניים אשר יהיו אחראים לביקורת הדוחות השנתיים של החברה לשנת 2021 (לצידם של KPMG, בהתאם ובכפוף לאישור נושא 3.3 להלן), בהתאם לתקנות הדוחות, בהתאם לאמור בסעיף 1.3 לדוח הזימון.

3.3. מינוי של רואי חשבון מבקרים בישראל

מוצע למנות את סומך חייקין (KPMG) כרואי החשבון החיצוניים של החברה לשנת 2022 ועד לתום האסיפה הכללית השנתית הבאה של החברה, ואשר יהיו אחראים לביקורת הדוחות השנתיים של החברה לשנת 2021 (לצידם של PKF, בהתאם ובכפוף לאישור נושא **Error! Reference source not found.** לעיל), ולהסמך את דירקטוריון החברה לקבוע את שכרם, בהתאם לאמור בסעיף 1.4 לדוח הזימון.

3.4. מינוי מחדש של רואי חשבון מבקרים בהולנד

מוצע למנות מחדש את משרד IUS Statutory Audits Coöperatie U.A כרואי החשבון החיצוניים האחראים לביקורת הדוחות השנתיים של החברה לשנת 2021, לצורך ביקורת הדוח הכספי השנתי הסטטוטורי של החברה לשנת 2021, בהתאם לדין ההולנדי, בהתאם לאמור בסעיף 1.5 לדוח הזימון.

3.5. פטור מאחריות לחברי דירקטוריון

מוצע לפטור את חברי הדירקטוריון (כפי שהיו במועדים הרלוונטיים) מאחריותם לגבי פעולותיהם במהלך שנת הכספים 2020, בהתאם לדין ההולנדי, ככל שהפעילות כאמור באה לידי ביטוי בדוח הכספי השנתי של החברה לשנת 2020. לפרטים נוספים ראו סעיף 1.6 לדוח הזימון.

3.6. מינוי מחדש של מר Machiel Hoek כ-Executive Director (שאינו דירקטור חיצוני) לדירקטוריון החברה

מוצע למנות מחדש לדירקטוריון את מר Machiel Hoek כ-Executive Director, לתקופת כהונה שתחל החל ממועד אישור מינויו על ידי האסיפה המזומנת בזאת, ועד לסוף האסיפה השנתית הבאה של החברה, בהתאם לאמור בסעיף 1.7.1 לדוח הזימון.

3.7. מינוי מחדש של מר Patrick Burke לדירקטוריון החברה

מוצע למנות מחדש לדירקטוריון את מר Patrick Burke כ-Non-Executive Director, לתקופת כהונה שתחל החל ממועד אישור מינויו מחדש על ידי האסיפה המזומנת בזאת, ועד לסוף האסיפה השנתית הבאה של החברה, בהתאם לאמור בסעיף 1.7.2 לדוח הזימון.

3.8. מינוי מחדש של מר Jeroen Dorenbos כדירקטור בלתי תלוי לדירקטוריון החברה

מוצע למנות מחדש לדירקטוריון את מר Jeroen Dorenbos כ-Non-Executive Director ודירקטור בלתי תלוי, לתקופת כהונה שתחל החל ממועד אישור מינויו מחדש על ידי האסיפה המזומנת בזאת, ועד לסוף האסיפה השנתית הבאה של החברה, בהתאם לאמור בסעיף 1.7.3 לדוח הזימון.

3.9. מינוי מחדש של גב' נועה שחם כדירקטורית בלתי תלויה לדירקטוריון החברה

מוצע למנות מחדש לדירקטוריון את גב' נועה שחם כ-Non-Executive Director ודירקטורית בלתי תלויה, לתקופת כהונה שתחל החל ממועד אישור מינויה מחדש על ידי האסיפה המזומנת בזאת, ועד לסוף האסיפה השנתית הבאה של החברה. לפרטים נוספים ראו סעיף 1.7.4 לדוח הזימון.

3.10. מינוי של מר Thierry Beaudemoulin לדירקטוריון החברה

מוצע למנות לדירקטוריון את מר Thierry Beaudemoulin כ-Executive Director, לתקופת כהונה שתחל החל ממועד אישור מינויו על ידי האסיפה המזומנת בזאת, ועד לסוף האסיפה השנתית הבאה של החברה, בהתאם לאמור בסעיף 1.8 לדוח הזימון.

3.11. מינויו של מר דן ללוז כדירקטור חיצוני לדירקטוריון

מוצע למנות לדירקטוריון את מר ללוז כדירקטור חיצוני בדירקטוריון החברה, לתקופת כהונה של שלוש (3) שנים, החל ממועד אישור מינויו על ידי האסיפה המזומנת בזאת, בהתאם לאמור בסעיף 1.9 לדוח הזימון.

4. המקום והשעות שניתן לעיין בהם בנוסח המלא של ההחלטות המוצעות:

ניתן לעיין בדוח זה ובמסמכים הנזכרים בו, במשרד הרצוג פוקס נאמן ושות' – עורכי דין, שכתובתו רחוב יצחק שדה 6, מגדל הרצוג, תל אביב, על-פי תיאום מראש בטלפון 03-6922020, בימים א' עד ה', בשעות העבודה המקובלות, וזאת עד למועד כינוס האסיפה. כמו-כן, ניתן לעיין בדוח זה, בכתב ההצבעה ובהודעות העמדה, כמשמעותן בסעיף 88 לחוק החברות, תשנ"ט-1999 ("חוק החברות"), ככל שתינתנה באתר ההפצה

של רשות ניירות ערך בכתובת: www.magna.isa.gov.il ובאתר הבורסה לניירות ערך בתל-אביב בע"מ בכתובת: www.tase.co.il.

5. הרוב הדרוש לקבלת ההחלטה באסיפה הכללית

5.1. הרוב הנדרש לקבלת ההחלטה המפורטת בסעיף 3.1-3.10 לעיל הינו רוב רגיל מכלל קולות בעלי המניות הנוכחים באסיפה הרשאים להצביע והצביעו בה, בעצמם או על ידי שלוחם, מבלי להביא בחשבון את קולות הנמנעים.

5.2. הרוב הנדרש לקבלת ההחלטה המפורטת בסעיף 3.23.11 לעיל, בהתאם לאמור בסעיף 239(ב) לחוק החברות, הינו רוב רגיל מגלל קולות בעלי המניות הנוכחים באסיפה הכללית, הרשאים להצביע והצביעו בה, בעצמם או על ידי שלוחם, ובלבד שיתקיים אחד מאלה: (1) במניין קולות הרוב באסיפה הכללית יכללו רוב מכלל הקולות שאינם בעלי השליטה בחברה או בעלי עניין אישי באישור המינוי למעט עניין אישי שאינו כתוצאה מקשריו עם בעל השליטה, המשתתפים בהצבעה; במנין כלל הקולות של בעלי המניות האמורים לא יובאו בחשבון קולות הנמנעים; על מי שיש לו עניין אישי יחולו הוראות סעיף 276, בשינויים המחויבים; או (2) סך קולות המתנגדים מקרב בעלי המניות האמורים בפסקה (1) לא עלה על שיעור של שני אחוזים מכלל זכויות ההצבעה בחברה.

6. תוקף כתב ההצבעה

6.1. לכתב ההצבעה יהיה תוקף לגבי בעל מניות שלזכותו רשומות מניות אצל חבר בורסה ואותן מניות נכללות בין המניות הרשומות במרשם בעלי המניות על שם החברה לרישומים ("בעל מניות לא רשום"), רק אם צורף לו אישור בעלות או אם נשלח לחברה אישור בעלות באמצעות מערכת ההצבעה האלקטרונית, כהגדרתה בתקנות החברות (הצבעה בכתב והודעות עמדה), התשס"ו-2005 ("מערכת ההצבעה האלקטרונית").

6.2. לכתב ההצבעה יהיה תוקף לגבי מי שרשום כבעל מניות במרשם בעלי המניות של החברה ("בעל מניות רשום"), רק אם צורף לו צילום תעודת זהות, דרכון או תעודת התאגדות.

6.3. על בעל מניות המעוניין להצביע באמצעות כתב הצבעה זה, להמציא את כתב ההצבעה והמסמכים הרלוונטיים כאמור למשרדי הרצוג, פוקס, נאמן עורכי דין במען המפורט להלן, לא יאוחר מארבע (4) שעות לפני מועד כינוס האסיפה הכללית, ככל שמדובר בבעל מניות לא רשום, ולא יאוחר משש (6) שעות לפני מועד כינוס האסיפה הכללית, ככל שמדובר בבעל מניות רשום. לעניין זה "מועד ההמצאה" הינו המועד שבו הגיעו כתב ההצבעה והמסמכים המצורפים למשרדי החברה.

6.4. כתב הצבעה שלא יומצא בהתאם לאמור יהא חסר תוקף.

7. הצבעה באמצעות מערכת ההצבעה האלקטרונית

7.1. בעל מניות לא רשום רשאי להצביע באמצעות מערכת ההצבעה האלקטרונית, החל ממועד קבלת אישור מאת מערכת ההצבעה האלקטרונית על קבלה תקינה של רשימת הזכאים להצביע במערכת ההצבעה האלקטרונית ועד שש (6) שעות לפני מועד כינוס האסיפה הכללית, קרי עד יום ה' 30 בדצמבר, 2021, בשעה 10:00 CEST ("מועד נעילת המערכת").

7.2. ההצבעה באמצעות מערכת ההצבעה האלקטרונית תהיה ניתנת לשינוי או לביטול עד למועד נעילת המערכת ולא יהיה ניתן לשנותה באמצעות מערכת ההצבעה האלקטרונית לאחר מועד זה. יצוין כי בהתאם לסעיף 83(ד) לחוק החברות, במידה ובעל מניות הצביע ביותר מדרך אחת, תימנה הצבעתו המאוחרת. החברה אינה מאפשרת הצבעה באמצעות האינטרנט שלא באמצעות מערכת ההצבעה האלקטרונית.

8. מען למסירת כתבי הצבעה והודעות עמדה

משרד הרצוג, פוקס, נאמן עורכי דין, שכתובתו רחוב יצחק שדה 6, מגדל הרצוג, תל אביב, ישראל.

9. המועד האחרון להמצאת הודעות עמדה לחברה והמועד האחרון להמצאת תגובת הדירקטוריון להודעות העמדה

המועד האחרון להמצאת הודעות עמדה לחברה יהיה עד עשרה (10) ימים לפני מועד כינוס האסיפה הכללית, קרי עד יום 20 בדצמבר, 2021. דירקטוריון החברה רשאי להמציא תגובתו להודעות עמדה לא יאוחר מיום 25 בדצמבר, 2021.

10. כתובת אתר ההפצה של אתר רשות ניירות ערך ואתר האינטרנט של הבורסה לניירות ערך בתל אביב בע"מ, שמצויים בהם כתבי הצבעה והודעות העמדה

כתובות האתרים של רשות ניירות ערך והבורסה, שבהם ניתן למצוא את נוסח כתב ההצבעה והודעות עמדה הינם כדלקמן: אתר ההפצה של רשות ניירות ערך: www.magana.isa.gov.il ואתר הבורסה: www.maya.tase.co.il

11. קבלת אישורי הבעלות, כתבי ההצבעה והודעות עמדה

11.1. בעל מניות לא רשום זכאי לקבל את אישור הבעלות בסניף של חבר הבורסה או במשלוח בדואר, אם ביקש זאת. בקשה לעניין זה תינתן מראש לחשבון ניירות ערך מסוים.

11.2. בעל מניות לא רשום רשאי להורות שאישור הבעלות שלו יועבר לחברה באמצעות מערכת ההצבעה האלקטרונית.

11.3. בעל מניות לא רשום זכאי לקבל בדואר אלקטרוני, בלא תמורה, קישורית לנוסח כתב ההצבעה והודעות העמדה באתר ההפצה, מאת חבר הבורסה שבאמצעותו הוא מחזיק במניותיו, אלא אם כן הודיע לחבר הבורסה כי אין הוא מעוניין לקבל קישורית כאמור או שהוא מעוניין לקבל כתבי הצבעה בדואר תמורת תשלום; הודעתו לעניין כתבי ההצבעה תחול גם לעניין קבלת הודעות עמדה.

11.4. בעל מניות אחד או יותר, אשר במועד הקובע, מחזיק מניות בשיעור המהווה חמישה אחוזים (5%) או יותר מסך כל זכויות ההצבעה, וכן מי שמחזיק בשיעור כאמור מתוך סך כל זכויות ההצבעה שאינן מוחזקות בידי בעל השליטה בחברה, כהגדרתו בסעיף 268 לחוק החברות, זכאי בעצמו או באמצעות שלוח מטעמו, לאחר כינוס האסיפה הכללית, לעיין בכתבי ההצבעה וברישומי ההצבעה באמצעות מערכת ההצבעה האלקטרונית שהגיעו לחברה, במשרדה הרשום של החברה, בשעות העבודה המקובלות.

11.5. כמות המניות המהוות חמישה אחוזים (5%) מסך כל זכויות ההצבעה בחברה (שלא בדילול מלא) הינה 388,128 מניות רגילות של החברה. כמות המניות המהוות חמישה אחוזים (5%) מסך כל זכויות

ההצבעה בחברה (שלא בדילול מלא) שאינן מוחזקות בידי בעל השליטה בחברה הינה 118,264 מניות רגילות של החברה.

12. שינויים בסדר היום, ופרסום הודעות עמדה

ייתכן כי לאחר פרסום כתב ההצבעה יהיו שינויים בסדר היום של האסיפה הכללית, לרבות הוספת נושא לסדר היום, וכן עשויות להתפרסם הודעות עמדה. ניתן יהיה לעיין בסדר היום העדכני ובהודעות עמדה שהתפרסמו בדיווחי החברה שבאתר ההפצה.

13. המועד האחרון שבו תפרסם החברה כתב הצבעה מתוקן

ככל שתבקש הוספת נושא לסדר היום של האסיפה הכללית, המועד האחרון שבו תפרסם החברה כתב הצבעה מתוקן יהיה ביום 9 בדצמבר, 2021, בכפוף לדין ההולנדי החל.

14. ביטול כתב ההצבעה

בעל מניות רשאי, עד עשרים וארבע (24) שעות לפני מועד כינוס האסיפה הכללית, לפנות למשרדה הרשום של החברה, ולאחר שיוכיח את זהותו להנחת דעתו של מזכיר החברה, או עובד אחר שימונה לעניין זה, למשוך את כתב ההצבעה ואישור הבעלות שלו.

בעל מניות יציין את אופן הצבעתו לגבי כל נושא שעל סדר היום ושלגביו ניתן להצביע באמצעות כתב הצבעה זה בחלקו השני של כתב ההצבעה.

בראק קפיטל פרופרטיז אן.וי. ("החברה")

כתב הצבעה לפי תקנות החברות (הצבעה בכתב והודעות עמדה), תשס"ו-2005 ("התקנות")

חלק שני

שם החברה : בראק קפיטל פרופרטיז אן.וי.

מען (למסירה ולמשלוח כתבי הצבעה) : משרד הרצוג, פוקס, נאמן עורכי דין, שכתובתו רחוב יצחק שדה 6, מגדל הרצוג, תל אביב, ישראל.

מספר החברה : 34250659

מועד האסיפה : 30 בדצמבר בשעה 16:00

סוג האסיפה : שנתית ומיוחדת

המועד הקובע : 2 בדצמבר, 2021

פרטי בעל המניות

1. שם בעל המניות : _____ 2. מספר זהות : _____

3. אם אין לבעל המניות תעודת זהות ישראלית	4. אם בעל המניות הוא תאגיד	5. בהצבעה באמצעות האינטרנט
מספר דרכון : _____	מספר תאגיד : _____	קוד הזיהוי : _____
המדינה שבה הוצא : _____	מדינת ההתאגדות : _____	קוד הבקרה : _____
בתוקף עד : _____	כמות ניירות הערך : _____	הפרט המזהה הנוסף : _____

אופן הצבעה

אנא סמן האם הינך בעל ענין¹/נושא משרה בכירה²/משקיע מוסדי³/אף אחד מהם ו/או אחר

בעל ענין	נושא משרה בכירה	משקיע מוסדי	אף אחד מהם/אחר
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*במידה והמצביע הצביע על-פי ייפוי כוח, יינתנו הפרטים האמורים לעיל גם בקשר למייפה הכוח

¹ כהגדרתו בסעיף 1 לחוק ניירות ערך, התשכ"ח – 1968.

² כהגדרתו בסעיף 37(ד) לחוק ניירות ערך, התשכ"ח – 1968.

³ כהגדרתו בתקנה 1 לתקנות הפיקוח על שירותים פיננסיים (קופות גמל) (השתתפות חברה מנהלת באסיפה כללית), תשס"ט – 2009, וכן מנהל קרן להשקעות משותפות בנאמנות כמשמעותו בחוק השקעות משותפות בנאמנות, התשנ"ד – 1994.

מס' הנושא שעל סדר היום	הנושא שעל סדר היום	אופן ההצבעה ⁴			
		לֹא	כֵּן ⁶	נמנע	נגד
3.1	אישור הדוח השנתי והדוחות הכספיים של החברה לשנת 2020 (נערך בהתאם לדין ההולנדי)				
3.2	מינוי מחדש של רואי חשבון מבקרים בישראל (PKF)				
3.3	מינוי של רואי חשבון מבקרים בישראל (KPMG)				
3.4	מינוי מחדש של רואי חשבון מבקרים בהולנד				
3.5	פטור מאחריות לחברי דירקטוריון				
3.6	מינוי מחדש של מר Machiel Hoek כ-Executive Director לדירקטוריון החברה				
3.7	מינוי מחדש של מר Patrick Burke כ-Non-Executive Director לדירקטוריון החברה				
3.8	מינוי מחדש של מר Jeroen Dorenbos כ-Non-Executive Director ודירקטור בלתי תלוי לדירקטוריון החברה				
3.9	מינוי מחדש של גבי נועה שחם כ-Non-Executive Director ודירקטורית בלתי תלויה לדירקטוריון החברה				

⁴ אי סימון יחשב כהימנעות מהצבעה.

⁵ בעל מניות שלא ימלא טור זה או שיסמן "כן" ולא יפרט, הצבעתו לא תבוא במניין. אין צורך לפרט עניין אישי באישור המינוי שאינו כתוצאה מקשר עם בעל השליטה.

⁶ אנה פרט.

					מינוי של מר Thierry Beudemoulin כ- Executive Director לדירקטוריון החברה	3.10
					מינויו של מר דן ללוז כדירקטור חיצוני לדירקטוריון החברה	3.11

להלן פרטים בקשר עם היותי "בעל שליטה או בעל עניין אישי באישור ההחלטה:

חתימה: _____

תאריך: _____

לבעלי מניות המחזיקים במניות באמצעות חבר בורסה (לפי סעיף 177 (1) לחוק החברות) - כתב הצבעה זה תקף רק בצירוף אישור בעלות. לבעלי מניות הרשומים במרשם בעלי המניות של החברה - כתב ההצבעה תקף בצירוף צילום תעודת הזהות/דרכון/תעודת ההתאגדות.