

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

The board of directors of Brack Capital Properties N. V. (the “Company” or the “Corporation”) is pleased to file the board of directors' report for the three-month period ended as of March 31, 2024 (the “reporting period”) in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970 (the “Reporting Regulations”). The financial statements attached to this periodic report are presented according to international IFRS standards. All data in this report refer to the consolidated financial statements, unless noted otherwise.

In this report below:

The “date of the report” - March 31, 2024.

The “execution date of the report” - May 23, 2024.

The “reported quarter” or the “reporting period” - Q1 2024.

The review presented below is abbreviated, referring to material events and changes in the state of the Company's business affairs during the reporting period, and this report should be reviewed together with the Company's 2023 annual report, including the financial reports and the Company's board report as of December 31, 2023, as published on March 28, 2024 (Ref. No: 2024-01-034905) (the “2023 annual report”).

Introduction

Presented below are the Company's principal results for the three-month period ended as of March 31, 2024

1. Profitability

In Q1 2024 the net loss attributed to the Company's shareholders came to approximately EUR 3.3 million, compared with a profit of approximately EUR 3.2 million in the same quarter YoY.

Presented below is the contribution of the residential income-generating and property development segments to the Company's results:

- ***Residential income-generating property***: In Q1 2024 the NOI totaled approximately EUR 10.4 million compared with approximately EUR 10.3 million in the same quarter YoY. In addition, the Company's EBITDA for Q1 2024 totaled approximately EUR 7.6 million (compared with approximately EUR 6.8 million in the same quarter YoY) and the Company's FFO totaled approximately EUR 4.4 million (compared with approximately EUR 4.5 million in the same quarter YoY). For information concerning the financial metrics presented in this report which are not based on generally accepted accounting principles, see Section 10 below.
- There was an approximately 2.48% increase in rental revenues in the residential income-generating property segment in Q1 2024 from similar assets compared with the parallel quarter in 2023. As of the date of the report, the average rent is EUR 7.21 per sqm, and

the rent in new leases in the residential market is approximately 8.3% higher than the current average rental fees.

- The occupancy rate in the residential income-generating property segment as of the date of the report amounts to 97.1%.

- ***Property development:*** The Company did not recognize a profit or loss from the sale of apartments in 2024 due to the fact that Company's development properties are not at the stage of construction.

2. Operating segments - principal operating data

It should be noted that from January 1, 2024, due to the continued implementation of the Company's commercial strategy, including the Company's sale of properties over 2019-2023 (for more information see section 1.1.4 of Chapter A of the 2023 annual report and Chapter A of the 2022 annual report¹), the Company's management (the CODM - the "chief operating decision maker"), only routinely reviews the income-generating property and property development operations in order to make decisions and to allocate resources. The Company therefore decided to reclassify its operating segments, as follows:

- 1) Income-generating residential real estate - residential property rentals;
- 2) Development property - land plots in the city of Dusseldorf which are at various stages of planning; and
- 3) Others - the Company's holdings in 3 commercial properties, which are immaterial to the Company and which constitute approximately 1% and approximately 3% of the Company's total assets and total revenues (respectively), and accordingly fail to meet the criteria set in the accounting standards to be defined as an operating segment.

For the comparison figures relevant to the segments described above, presented in the corresponding interim report, the most recent annual report and the previous annual report, see Note 7 to the financial statements attached to this report.

2.1. Income-generating property segment²:

Designation	Area (Sqm 000's)	Actual rental return	ERV ³	Actual NOI return ⁴	NOI return according to ERV	Occupancy rate
Residential	567	5.2%	5.7%	4.6%	5.1%	97.1%

3. Balance sheet structure and financial solvency

3.1. **Equity and EPRA NTA:** The equity attributed to the Company's shareholders amounts to approximately EUR 559.1 million, and EPRA NTA⁵ totals approximately EUR 708.1 million as of the date of the report.

3.2. **LTV ratio:** The LTV ratio⁶ amounts to approximately 41.59% as of the date of this report compared with approximately 35.57% in the same quarter YoY. The EBITDA

¹ As published on March 31, 2023 (Ref. No: 2023-01-036915), which is included herein by way of reference.

² Assets consolidated in the Company's reports, including assets the subject of executed binding sale agreements.

³ "ERV" (Estimated Rental Value) - the anticipated annual yield assuming that all the properties are leased at the current occupancy rate at market rate.

⁴ The data for March 2024 in annual terms divided by book value.

⁵ EPRA NTA - For information about the metric and its calculation see Section 10.2 of this report.

⁶ Net debt to total properties and inventory.

to interest coverage ratio solely for the income-generating portfolio amounts to approximately 2.61 for Q1 2024.

3.3. **Liquidity:** Cash balances (consolidated) totaled approximately EUR 142.0 million as of the date of the report.

3.4. **Financing:** The Company has bank loans totaling approximately EUR 348.1 million which are subject to average annual interest of 3.07% and with an average lifetime of 5.69 years, as well as listed bonds totaling approximately EUR 192.7 million as of the date of the report which are subject to average ILS interest (linked to the index) of 4.55%. For more information concerning the Company's financing sources and its liquidity see Section 9.1 below.

4. **Brief description of the Group's businesses and its operating environment**

4.1 Changes to the Company's board of directors in the reporting period:

On March 21, 2024, Mr. Thomas Zinnöcker gave notice that he will conclude his service as one of the Company's directors and as chairman of the board of directors at the end of the Company's next general meeting (annual or extraordinary, whatever it may be) (for more information see the immediate report published by the Company on March 24, 2024 (Ref. No: 2024-01-025264), which is included herein by way of reference). Accordingly, on May 8, 2024, Mr. Thomas Zinnöcker concluded his role as one of the Company's directors and as chairman of the board of directors and Mr. Thilo Ger Schmid was appointed to serve as chairman of the Company's board of directors.

Additionally, on May 8, 2024, Mr. Hubertus Kobe was appointed to the Company's board of directors as a non-executive and non-external director, and Mr. Ron Hadassi was appointed for a second three-year term as one of the Company's external directors (non-executive director). For more information see the Company's immediate report dated May 8, 2024 (Ref. No: 2024-01-048186), included herein by way of reference.

4.2 Presented below are the main developments (if any) in the Group's operating segments in the reporting period until the execution date of the report:

For details regarding the break-up of the Company's operating segments, see Section 2 above.

4.2.1 Income-generating residential properties: As of the date of the report, the Group owns 9,307 rental apartments with a total area of approximately 567,000 sqm.

4.2.2 Property development: The Company owns three land complexes in Düsseldorf, Germany, with a total area of approximately 237,000 sqm, two of which are in the process of receiving building permits and one which has already obtained a building permit. For more information about the aforementioned land complexes see Sections 1.7 and 1.8 of Chapter A of the 2023 periodic report. For more information regarding the sale of one of the Company's land plots subsequent to the date of the report, see Note 11(5)

below.

4.2.3 Other - Income-generating commercial properties: As of the date of the report, the Group owns 3 commercial assets (offices) for lease with a total area of approximately 16,000 sqm.

The Company is continuing to implement the strategy in the income-generating and residential property development segments including actions towards selling assets to improve its liquidity. For more information concerning the Company's strategy see Sections 1.20 and 1.1.4(c) of Chapter A of the 2023 annual report.

For more information concerning the changes in the general environment in which the Company operates and which may affect the Company's activities see Section 1.5 of Chapter A of the 2023 annual report.

5. Grafenberg project costs (EUR 000's)

Costs invested	Costs invested	Q1 - 2024	2023	2022
	Cumulative land costs by the end of the period	11,900	11,900	11,900
	Cumulative costs of development, taxes and fees	4,749	4,749	4,671
	Construction costs	-	-	-
	Cumulative financing costs (capitalized)	-	-	-
	Total cumulative costs	16,649	16,649	16,571

6. Gerresheim project costs (EUR 000's)

Costs invested	Costs invested	Q1 - 2024	2023	2022
	Cumulative land costs by the end of the period	141,645	141,645	141,645
	Cumulative costs of development, taxes and fees	11,117	11,083	8,830
	Construction costs	-	-	-
	Cumulative financing costs (capitalized)	40,282	39,134	30,376

	Total cumulative costs	193,044	191,862	180,851
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Part A - Explanations of the board of directors concerning the state of the Company's business affairs, its operating results, equity and cash-flows

7. Financial Position

Assets	As of March 31 2024	As of March 31 2023	December 31 2023	Explanation for the change
Current assets	EUR 000's			
Cash and cash equivalents	141,978	209,969	42,527	For more information see the cash-flow report in the Company's financial statements attached to this report.
Restricted deposits, financial assets and other debit balances	32,828	33,847	47,734	The decline is attributable to a balance of receivables totaling approximately EUR 13.5 million as of December 31, 2023, for completing the sale of the residential income-generating property portfolio in the city of Hamm. The amount was received in full in January 2024.
Accounts and other receivables for sale of apartments	248	260	251	
Tenants and trade receivables, net	1,774	2,461	2,331	
Assets of disposal groups held for sale	16,500	130,898	-	The balance is attributable to the classification of the land in Grafental as an asset being held for sale. For details, see Note 11(5) below.
<u>Total current assets</u>	193,328	377,435	92,843	
Non-current assets	EUR 000's			
Investments in financial assets measured at fair value through profit or loss	4,508	5,287	4,508	
Inventory of land	140,700	209,901	156,100	The reduction stems from a decrease in the value of the inventory which resulted from a decrease in the valuations of the Company's land holdings. The reduction is also attributable to the

Assets	As of March 31 2024	As of March 31 2023	December 31 2023	Explanation for the change
				classification of land in Grafental as being held for sale. For details, see Note 11(5) below.
Investment property - rights in land	30,200	35,300	30,200	
Investment property - income-generating properties	928,810	925,123	928,810	
Deposits restricted for investment in properties	7,975	5,278	8,038	
Accounts receivable, debit balances and other financial assets	7,511	166	7,524	
Deferred taxes	-	282	-	
<u>Total non-current assets</u>	1,119,704	1,181,337	1,135,180	
<u>Total assets</u>	<u>1,313,032</u>	<u>1,558,772</u>	<u>1,228,023</u>	

Liabilities	As of March 31 2024	As of March 31 2023	December 31 2023	Explanation for the change
Current liabilities	EUR 000's			
Current maturities of loans from banking institutions	53,651	99,090	20,631	The increase in the reporting period is primarily attributable to a loan totaling approximately EUR 33.8 million being classified as short-term due to its maturity date being March 31, 2025. It should be noted that the Company is at an advanced stage of negotiations and expects to come to an agreement with the financing bank to extend the loan.
Current maturities of bonds	25,026	60,695	24,753	
Other financial liabilities	4,309	9,644	4,948	
Loan from the controlling shareholder	75,000	150,444	75,000	Loan received from the controlling shareholder in 2022. The Company repaid 50% of the total loan to the controlling shareholder during 2023. For details, see Note 11 to the Company's 2023 annual financial statements.
Accounts payable, credit balances and other liabilities	28,071	26,234	25,126	
Current tax liabilities	148	842	127	
Liabilities of disposal groups held for sale	-	59,239	-	
Total current liabilities	186,205	406,188	150,585	
Non-current liabilities	EUR 000's			
Loans from banking institutions	294,130	211,685	329,178	The decline in the reporting period is primarily attributable to a loan totaling approximately EUR 33.8 million being classified as short-term due to its maturity date being March 31, 2025. It should be noted that the Company is at an advanced stage of negotiations and expects to come to an agreement with the financing bank to extend the loan.

Liabilities	As of March 31 2024	As of March 31 2023	December 31 2023	Explanation for the change
Bonds	167,687	100,659	77,755	The increase is due to the issuance of a new series of Bonds (Series D). The Company issued the bonds totaling approximately ILS 360 million during the reporting period. For details, see Section 11.2 below.
Other financial liabilities	19,139	18,476	21,249	The decline primarily derives from the value of the derivative hedging the Company's bonds from changes in the EUR/ILS exchange rate.
Deferred taxes	70,842	84,582	71,015	
Total non-current liabilities	551,798	415,402	499,197	
Total liabilities	738,003	821,590	649,782	
Equity				
Equity attributable to the shareholders of the Company	559,096	708,928	562,394	
Minority interests	15,933	28,254	15,847	
Total equity	575,029	737,182	578,241	
Total liabilities and equity	<u>1,313,032</u>	<u>1,558,772</u>	<u>1,228,023</u>	

8. Operating Results

	For the three-month period ended March 31		For the year ended 31 December	Explanation for the change
	2024	2023	2023	
	EUR 000's			
Revenues from property rentals	12,201	12,421	49,776	
Revenues from property management	6,059	6,072	24,530	
Property management expenses	(6,073)	(5,797)	(24,207)	
Cost of maintenance of rental properties	(1,787)	(2,417)	(8,142)	
Net rental and management revenues	10,400	10,279	41,957	
Revenues from selling apartments	-	-	-	The decline is attributable to an

	For the three-month period ended March 31		For the year ended 31 December	Explanation for the change
	2024	2023	2023	
Cost of selling apartments	(525)	-	(61,377)	impairment in the value of the Company's land plots in 2023 as well as the capitalization of financing costs in 2024.
Profit (loss) from selling apartments	(525)	-	(61,377)	
General and administrative expenses	(3,166)	(3,737)	(13,072)	
General and administrative expenses relating to the inventory of buildings under construction and land inventory	(396)	(551)	(1,404)	
Net increase (decrease) in value of investment properties	(2,098)	(2,019)	(111,687)	
Profit (loss) before financing expenses	4,215	3,972	(145,583)	
Financing expenses excluding the impact of exchange rate and index changes and hedging transactions	(4,297)	(2,718)	(10,062)	
Impact of changes in the exchange rate and CPI as well as hedging transactions	(226)	2,402	(876)	
Change in fair value of financial instruments, credit and other losses	(1,627)	-	(3,226)	
Other revenues (expenses), net	(117)	(133)	(674)	
Profit (loss) before taxes on income	(2,052)	3,523	(160,421)	
(Taxes on income) tax benefit	(1,160)	(582)	14,421	
Net and total profit (loss) for the period	(3,212)	2,941	(146,000)	
Net and comprehensive profit (loss) attributed to:				
Shareholders of the Company	(3,298)	3,196	(143,338)	
Minority interests	86	(255)	(2,662)	

9. Sources of financing, liquidity and cash-flows

	For the three-month period ended March 31		For the year ended 31 December	Explanation for the change
	2024	2023	2023	
	EUR 000's			
Cash-flows from operating activities	3,429	2,342	16,576	See the cash-flow report.
Cash-flows from investment activities	11,688	10,508	(955)	See the cash-flow report.
Cash-flows from financing activities	84,334	(13,289)	(185,619)	See the cash-flow report.

9.1 Access to sources of financing

As of the date of the report and its publication date, the Company primarily finances its operating activities from cash-flow received from the Company's subsidiaries, from bank financing, from financing received from the controlling shareholder, from bonds issued to the public in Israel and from the sale of assets, including, *inter alia*, as follows:

- (a) Financing through bank debt: As of the date of the report, the outstanding balance of the Company's bank debt amounts to approximately EUR 348.1 million which is subject to average interest of 3.07% with an average lifetime of 5.69. During and subsequent to the reporting period, the Company continued to negotiate with the financing banks to formally extend the maturity dates for all of the Company's loans.
- (b) Financing through bonds: The Company has listed bonds totaling approximately EUR 192.7 million, bearing an average ILS interest (linked to CPI) of 4.55%. During the reporting period the Company completed the issuance of a new listed series of Bonds (Series D) with a total scope of approximately ILS 360 million. For more information about the bond series issued by the Company, see Section 11.2 below.
- (c) Loan from the controlling shareholder: As of the date of the report and as of its publication date, the balance of the credit provided by the controlling shareholder to the Company totals EUR 75 million. For more information concerning the loan, see Section 1.12.6.2 of Chapter A of the Company's 2023 annual report. It should be noted that subsequent to the date of the report, the terms and conditions of this loan were amended. For more information see Section 11(6) below.
- (d) Sale of properties: To finance its operating activities and fulfill its obligations, over 2022-2024 the Company entered into and completed several transaction for the sale of the Company's properties, for a total asset value of approximately

EUR 315.4 million⁷, with the net consideration totaling approximately EUR 175.4 million being received in cash. For more information regarding the Grafental property sale transaction recently completed by the Company, see Section 11(5) below. In addition, as of the date of the report and its publication date, the Company has taken actions to sell additional assets from its property portfolio as specified in Section 1.1.4.1 of Chapter A of the Company's 2023 annual report.

It should be clarified that the Company's estimates concerning future transactions for selling properties and re-financing Company loans, are forward-looking information, as this term is defined in the Securities Law, which may not materialize or which may materialize in a manner different than that described above, inter alia, due to factors beyond the Company's control, including changes in market conditions and agreements of third parties unrelated to the Company.

It should be noted that the Company is constantly examining all the sources of financing available to it, including those specified above, given, *inter alia*, market conditions, the Company's financial position and the fact that ADLER is the Company's controlling shareholder, *inter alia*, as follows:

In 2022 the Company's access to external sources of financing was affected, *inter alia*, by the hostilities in Ukraine, rising inflation and market interest rates, the significant drop in the rating of ADLER's bonds as well as the announcement by the rating agency S&P Maalot of the downgrading of the Company's rating to 'i1BBB-' and the downgrading of the rating of the Company's bonds to 'i1BBB+' following its assessment that the Company has limited access to sources of financing and weak liquidity (as detailed above and below in this section). As a result, in 2022 the Company encountered significant challenges in receiving long-term financing from German banking institutions, to the best of the Company's knowledge, *inter alia*, due to ADLER's position. It should be noted that the changes in the German and global real estate markets has also had a substantial impact on receiving long-term financing in this context. For more information concerning changes in the Company's general operating environment see Section 1.5 of Chapter A to the Company's 2023 annual report.

Without derogating from the foregoing, it should be noted that as of Q4 2022 and over the course of 2023-2024 and as of the publication date of the report, there has been an improvement in its access to bank financing, *inter alia*, due to the Company's success in re-financing Company loans as specified in Section 9 below. In addition, the Company has access to the Israeli capital market seen in the high level of bondholder responsiveness to the tender offer in August 2023 and the issuance of Bonds (Series D) in February 2024.

In addition, it should be noted that in April 2023, the **ADLER group** reached a

⁷ The total amount includes EUR 15.5 million which was generated from the sale of the land in Grafental which was sold subsequent to the date of the report. For more information see Note 11(5) below.

settlement with its bondholders in which, *inter alia*, the terms of the bonds were amended, including, but not limited to restrictions on generating new debt and maintaining various financial covenants. It should be noted that although the Company did not undertake to comply with any of the aforementioned restrictions assumed by ADLER, it is possible that the Company's data will also be considered when examining ADLER's compliance with such restrictions.

The Company subsequently examined several various scenarios to assess its ability to handle the implications of the aforesaid on its financial position and liquidity. The Company's board of directors considered the implications of the foregoing on its financial position and liquidity, *inter alia*, according to the various scenarios presented to the Company's board of directors with respect to the Company's ability to fulfill its obligations including under pressure (taking into account, *inter alia*, the above difficulties), and the estimated effects on the Company's operations and on the value of its assets in view of the aforesaid and concluded that the Company has the ability to meet its obligations in the twenty-four (24) months following the examination date (namely, as of the date of the financial statements for Q1 2024).

The Company estimates, that as of the publication date of this report, the Company has access to additional sources of financing (including as specified above and below), *inter alia*, through the additional sale of some of the Company's property portfolio, entering into agreements to extend the Company's existing loans, the Company is also examining the possibility of receiving financing from additional financial bodies and is continuing to examine the possibility of receiving long-term funding either from banking institutions and other financial entities or through the capital market, considering, *inter alia*, the state of the German real estate market and the German and global capital markets.

It should be clarified that the Company's assessments concerning the aforesaid including with respect to the Company's assessments of its access to financing and the impact of ADLER's financial position in this context and in general, the impacts of the rising inflation rate and interest rates in the market, the Company's debt rating, substantial challenges in obtaining financing, the completion of the sale of assets and its ability to handle the economic effects of the aforesaid, constitute forward looking information as this term is defined in the Securities Law. These estimates may not materialize or may materialize differently to that estimated by the Company, due, inter alia, to circumstances which are not in the Company's control, including changes in the state of global capital markets and ADLER's rating.

Examination of warning signs

The Company's board of directors has discussed the very existence of the Company having a warning sign, as defined in Regulation 10(b)(14) of the Report Regulations, due to the fact that the Company's standalone financial statements specify there being prolonged negative cash-flow from operating activities.

The Company's board of directors believes that the foregoing is not indicative of the Company having a liquidity problem, *inter alia*, considering: (a) The Group's financial structure and on the basis of the financial data specified in the Company's consolidated financial statements as surveyed by the Company's management, and in light of the fact that if the Company had a need for additional cash-flow it would be able to draw management fees or dividends from its subsidiaries; (b) The extension of the maturity date of one of the Company's very material loans in 2023 (for more information see Note 10C(3) to the Company's 2023 annual financial statements); (c) The successful completion of an exchange tender offer of the Company's Bonds (Series B) for Bonds (Series C) in 2023 (for more information see Note 10C(4) to the Company's 2023 annual financial statements); (d) The successful completion of an issuance of a new series of Bonds (Series D) by the Company in a scope of ILS 360 million (for more information see Section 11.3 below) and the extent of the Company's accessibility to the Israeli capital markets; (e) Signing a contract for the sale of the land in Grafental (for more information see Section 11(5) below); (f) Completing the sale of the residential income-generating portfolio in the city of Hamm; (g) The possibility to sell some of the Company's other properties and in light of the Company's relatively low LTV ratio; and (h) The 24 month cash-flow forecast presented to the Company's board of directors, which examined various scenarios in order to assess the Company's ability to also meet its obligations under pressure (including the state of the market, and difficulties which may be related to the Company's controlling shareholder (which the Company assesses has significantly decreased as of the date of the report relative to previous reporting periods), and concluded that the Company has the ability to meet its obligations in the twenty-four (24) months following the examination date (namely, as of the date of the financial statements for Q1 2024)..

Therefore, as of the report date, the Company has no warning signs.

10. **Financial metrics not based on generally accepted accounting principles**

10.1. **FFO (funds from operations)**

The FFO metric is calculated as the net profit (loss) attributed to the Company's shareholders **solely from the income-generating activity**, with certain adjustments for non-operational items which are affected by revaluation of the fair value of assets and liabilities. It primarily involves adjustments of the fair value of investment properties, various capital profits and losses, different deductions, adjustment of project management costs and possession costs of land for betterment, changes in the fair value recognized for financial instruments, deferred taxes and minority interests for the above items. The Company is of the opinion that this metric more accurately reflects the Company's operating results, without the effects of the development property activity, and publishing it will provide a better basis for comparing the Company's operating results in a certain period with previous periods and will also make it possible to compare the Company's operating results with other real estate corporations in Israel and Europe.

The Company clarifies that the FFO metric does not reflect cash-flows from operating activities according to generally accepted accounting principles, does not reflect cash held by the Company and its ability to distribute them and does not replace the reported net profit (loss). It is also clarified that these metrics are not audited by the Company's auditors. Presented below is the calculation of the Company's FFO for the stated periods:

	For the three months ended on March 31, 2024	For the three months ended on March 31, 2023	For the year ended December 31, 2023
Net profit (loss) attributed to the shareholders of the Company⁸	(3,298)	3,196	(143,338)
Adjustments to the net profit (loss):			
A. Adjustments due to revaluations			
Decrease (increase) in the value of investment properties and adjustment of the value of the liabilities related to the investment properties	2,094	1,998	110,128
Impairment of goodwill or negative goodwill	-	-	-
Purchase costs recognized in the statement of profit and loss (IFRS3R)	-	-	-
Change in fair value of financial assets	1,627	-	3,226
B. Adjustments for non-cash items			
Effects of measurement, exchange rate differentials and non-cash hedging transactions	1,871	(1,117)	1,564

⁸ i.e., excluding minority interests. For more information see the Company's statement of profit and loss included in the Company's financial statements attached to this report.

	For the three months ended on March 31, 2024	For the three months ended on March 31, 2023	For the year ended December 31, 2023
Costs for deferred taxes and taxes for previous years	875	121	(15,174)
C. One-time line-items/ new activities/ discontinued activities/ other			
One-time adjustments and others	408	(240)	4,979
Project management and marketing costs in connection with the construction of the residential project in Düsseldorf and adjustments for the project's current rental activity	356	496	1,262
Adjustments for impairment of land inventory	472	-	55,178
Total adjustments to the net profit	7,703	1,258	161,163
Nominal F.F.O. according to the management's approach (excluding index-related linkage expenses)	4,405	4,454	17,825
Adjustments arising from linkage to the index	-	(586)	(1,274)
Real F.F.O. according to the instructions of the Securities Authority	4,405	3,868	16,551

The Company's estimates specified above concerning the representative rate of FFO are forward looking information as this term is defined in the Securities Law, which is not certain and which may not materialize since it is affected by a gamut of factors which are not fully controlled by the Company, including the state of the German commercial and residential property markets.

- 10.2. **EPRA metrics - Net asset value (EUR 000's)** - The EPRA metrics are calculated to present the net asset value of a real estate corporation. According to a position paper of EPRA - European Public Real Estate Association, which was published in 2019 and was implemented for the first time in 2020, the EPRA NAV metric has been replaced by three new different metrics: EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Asset (NTA) and EPRA Net Disposal Value (NDV). The new metrics replace the EPRA NAV metric previously presented by the Company. The Company also continues to present the EPRA NAV metric according to the previous guidelines in addition to the new EPRA metrics. The Company clarifies that the data of the EPRA NRV, EPRA NTA and EPRA NDV metrics do not

constitute a valuation of the Company or a substitute for the data appearing in the financial statements. It is also clarified that these metrics are not audited by the Company's auditors.

- The EPRA Net Reinstatement Value (NRV) metric: The purpose of the metric is to reflect the net asset value of the Company deriving from long-term real estate held by it. To calculate the metric, the Company neutralizes the impact of deferred taxes on investment properties, revaluation of derivative financial instruments, transaction costs (as reflected in the appraisal reports) and also revaluates the assets presented as inventory according to their fair value.
- The EPRA Net Tangible Assets (NTA) metric: The purpose of the metric is to reflect the Company's establishment costs including the costs associated therewith (transaction costs and the like).
- The EPRA Net disposal Value (NDV) metric: The purpose of the metric is to present the value of the Company to the shareholders under a scenario of immediate disposal of all assets (“clearance sale”). This metric therefore takes into consideration all the effects of the deferred taxes and transaction costs which are expected to materialize in this scenario.

Presented below is a calculation of the Company's EPRA metrics as of March 31, 2024:

	EPRA NRV	EPRA NTA	EPRA NDV
Equity attributed to the Company's shareholders	559.1	559.1	559.1
Plus deferred taxes for EPRA adjustments (minus share attributable to minority interests)	74.4	74.4	-
Neutralizing the fair value of net derivative financial instruments	17.8	17.8	-
Inventory revaluation ⁹	-	-	-
Plus Real Estate Transfer Taxes (RETT) and other acquisition costs	80.4	56.8	-
Fair value of nominal liabilities subject to fixed interest ¹⁰	-	-	27.8
Total	731.7	708.1	586.9

⁹ The difference between fair value and book value

¹⁰ The EPRA NDV updates the value of the difference between the current interest on Company's loans and the market interest according to the loan lifetime.

For comparison figures, the following is a calculation of the Company's EPRA metrics as of December 31, 2023:

	EPRA NRV	EPRA NTA	EPRA NDV
Equity attributed to the Company's shareholders	562.4	562.4	562.4
Plus deferred taxes for EPRA adjustments (minus share attributable to minority interests)	74.5	74.5	-
Neutralizing the fair value of net derivative financial instruments	20.5	20.5	-
Inventory revaluation	-	-	-
Plus Real Estate Transfer Taxes (RETT) and other acquisition costs	80.4	56.9	-
Fair value of nominal liabilities subject to fixed interest	-	-	34.7
Total	737.8	714.3	597.1

10.3. **NOI Metric - Net Operating Profit**

The NOI metric is an operating indicator reflecting the profit deriving from income generated from rental properties minus their maintenance and operating costs. The Company is of the opinion that this metric adequately reflects the current return on its assets in the income-generating property operating segment and enables the Company's rental and management operating results be compared with other property companies in Israel and Europe. To the best of the Company's knowledge, this metric is customarily presented by companies operating in the Company's operating segments.

The Company clarifies that the NOI metric does not reflect cash-flows from operating activities according to generally accepted accounting principles, does not reflect cash held by the Company and its ability to distribute funds, and should not be considered a substitute for total profit for the purpose of evaluating the Company's operating results.

10.4. **EBITDA**

The EBITDA metric is calculated as income before interest, taxes, depreciation and amortization. The metric examines the Company's operating profit, excluding items which are included in the operating profit and do not involve changes in cash. The Company is of the opinion that this metric enables examining and comparing the Company's financial performance and its ability to meet its obligations with other real estate companies in Israel and Europe. To the best of the Company's knowledge, this metric is customarily presented

by companies operating in the Company's operating segments. It is also clarified that EBITDA metric data are not a substitute for the data appearing in the financial statements and are not audited by the Company's auditors.

11. Material events and changes during and after the reporting period by the publication date of this report

- 11.1 Further to the Company's earlier reports, further to the decision by the Company's shareholders to not authorize the Company's board of directors to issue shares with the objective of preventing the Company's shares being placed on the maintenance list despite the repeated requests made by the Company's board of directors to its primary shareholders on this issue, pursuant to a decision of the Tel Aviv Stock Exchange Ltd. ("TASE"), the Company's shares were transferred to the TASE maintenance list on January 31, 2024, due to the Company failing to comply with the maintenance rules established in the TASE listing rules and guidances enacted thereto regarding the requirement for a minimal public holding of the Company's shares. For more information regarding the Company's shares being placed on the maintenance list, including the actions taken by the Company in an attempt to prevent its shares from being placed on the maintenance list, see the Company's earlier reports and its immediate report dated February 21, 2024 (Ref. No: 2024-01-015733).
- 11.2 For more information regarding the completion of the sale of the residential project in the city of Hamm, Germany, see the Company's immediate report dated January 16, 2024 (Ref. No: 2024-01-005842), hereby included by way of reference.
- 11.3 On February 28, 2024, the Company completed an issuance of a new series of Bonds (Series D) in a total scope of approximately ILS 360 million at Shekel-denominated interest (linked to CPI) of 5.05%. For more information concerning the terms of the Bonds (Series D), see Part B of this report.
- 11.4 During the reporting period, the Company was informed that the City of Dusseldorf has decided to continue to advance the negotiations with the Company regarding the approval of the urban development contract for the land in Gerresheim and the building permit. The Company is considering its future operations, *inter alia*, in accordance with the Company's general strategy to examine the sale of assets from all segments of its property portfolio. For more information, see the immediate report dated March 28, 2024 (Ref. No: 2024-01-028906).
- 11.5 On May 24, 2024, the Company, through a second-tier subsidiary (a granddaughter company), entered into an agreement to sell the land in Grafental located in the city of Dusseldorf. The total consideration for the sale of the land is approximately EUR 16.5 million, and will be received on the transaction closing date, anticipated to fall in Q3 2024. Furthermore, upon completion of the transaction, the cash deposit totaling approximately EUR 7.8 million, which as of the date of the report is pledged as a security to the city of Dusseldorf and which constitutes a condition for the city to issue the construction permits, will be released to the Company.

It should be noted that the Company recognized a profit of approximately EUR 0.8 million in its financial statements due to the completion of this transaction.

For more information regarding the sale of the land in Grafental, see the immediate report published by the Company on May 26, 2024 (Ref. No: 2024-01-053814) which is included herein by way of reference.

11.6 Amendment of the terms and conditions and partial repayment of the loan from ADLER, the controlling shareholder - Subsequent to the date of the report, on May 22-23, 2024, the Company's audit committee and board of directors approved the repayment of part of the principal of the loan and amendment (lowering) of the interest rate applicable to the loan, as follows:

1. By June 3, 2024, the Company will repay EUR 50 million on account of the principal of the loan (which as of the date of the report and as of its execution date totals EUR 75 million). The maturity date for the balance of the loan principal, totaling EUR 25 million, remains at the end of 2024.
2. The balance of the principal of the loan will be subject to 3-Months-Euribor interest + a margin of up to 1.6% (instead of the 3-Months-Euribor + a margin of up to 3%), which shall apply retroactively as of January 1, 2024.

The other terms and conditions of the loan will remain unchanged.

It should be noted that the repayment of part of the principal of the loan and the amendment of the interest rate will amount to a saving of approximately EUR 2.5 million in the Company's interest expenses.

For more information regarding the amendment of the terms and conditions and repayment of part of the loan mentioned above, see the immediate report published by the Company on May 26, 2024 (Ref. No: 2024-01-053817), which is included herein by way of reference.

11.7 For more information about changes to the Company's board of directors, see Section 4.1 above.

11.8 For more information concerning material events and changes during and after the reporting period, see Note 4 to the Company's financial statements attached to this report.

Part B - Designated disclosure to the Bondholders

12. Details of promissory notes issued by the Company and which are held by the public on the date of the report according to the Eighth Addendum to the Securities Regulations to the Report Regulations

	Bonds (Series B)	Bonds (Series C)	Bonds (Series D)
Is it a material series (as this term is defined in Regulation 10(b)(13)(a) of the	No	Yes	Yes

	Bonds (Series B)	Bonds (Series C)	Bonds (Series D)
Report Regulations?			
Issuance date	May 21, 2013	July 22, 2014	February 28, 2024
Series expansion dates	February 4, 2014 March 9, 2022	April 4, 2016 August 9, 2023	-
Par value on the issuance date (ILS 000's)	175,000	102,165	360,000
Par value on the series expansion date (ILS 000's)	636,440	134,028	-
Par value as of March 31, 2024 (ILS 000's)	16,984	347,731	360,000
Linked par value as of March 31, 2024 (ILS 000's)	19,201	387,724	361,371
Accrued interest plus linkage differentials (ILS 000's) as of March 31, 2024	194	3,063	1,550
Value in the financial statements as of March 31, 2024 (ILS 000's), including interest payable	19,756	395,113	356,641
Value on TASE as of March 31, 2024 (ILS 000's)	19,704	394,431	373,212
Type and rate of interest	4.04% (annual linked at a fixed rate), subject to adjustments in the event of changes in the rating of the Bonds (Series B) and/or failure to comply with the financial criteria as specified in Sections 2.8.4.12 and 2.8.4.13 of the shelf prospectus. ^{11,12}	4.05% (annual linked at a fixed rate), subject to adjustments in the event of changes in the rating of the Bonds (Series C) and/or failure to comply with the financial covenants as specified in Sections 2.8.4.12 and 2.8.4.13 of the shelf prospectus.	5.05% (annual linked at a fixed rate), subject to adjustments in the event of changes in the rating of the Bonds (Series D) and/or failure to comply with the financial covenants.

¹¹ The Company's shelf prospectus dated May 24, 2012 and its amendments dated May 24, 2012, May 9, 2013 and July 14, 2014 (Ref. No: 2012-01-134232, 2012-01-135258, 2012-01-058417 and 2014-01-113694 included herein by way of reference (the “**shelf prospectus**”).

¹² It should be noted that on May 16, 2022, following S&P Maalot's announcement of downgrading the Company's rating to 'ilA-', the interest rate on Bonds (Series B and Series C) increased by 0.25% to 3.54%

	Bonds (Series B)	Bonds (Series C)	Bonds (Series D)
Principal Payment Dates	Payable in 12 unequal annual installments on December 31st of each one of the years 2013 through 2024 (inclusive) such that each one of the first seven installments constitutes 4% of the total principal par value of the Bonds (Series B), and each one of the last five installments constitutes 14.4% of the total principal par value of the Bonds (Series B); the first principal payment was made on December 31, 2013.	Payable in 12 unequal annual installments on July 20th of each one of the years 2015 through 2026 (inclusive) such that each one of the first nine installments constitutes 2% of the total principal par value of the Bonds (Series C), the tenth installment constitutes 17% of the total principal par value of the Bonds (Series C), and each one of the last two installments constitutes 32.5% of the total principal par value of the Bonds (Series C); the first principal payment was made on July 20, 2015.	Payable in 3 unequal annual installments on February 1st of each one of the years 2027 through 2029 (inclusive) such that each one of the first two installments will constitute 33% of the total principal par value of the Bonds (Series D), and the third payment will constitute 34% of the total principal par value of the Bonds (Series D); the first principal payment will be made on February 1, 2027.
Interest Payment Dates	Payable on December 31st and June 30th of each one of the years 2013 through 2024 (inclusive) commencing as of December 31, 2013. The last interest payment is due on December 31, 2024.	Payable on January 20th and July 20th of each one of the years 2015 through 2026 (inclusive) commencing as of January 20, 2015. The last interest payment is due on July 20, 2026.	Payable on 1 February and 1 August of 2024-2029 (inclusive) commencing as of August 1, 2024. The final interest payment is due on February 1, 2029.
Linkage base (principal and interest)	Linked (principal and interest) to the Consumer Price Index published on May 15, 2013 for April 2013.	Linked (principal and interest) to the Consumer Price Index published on July 15, 2014 for June 2014.	Linked (principal and interest) to the Consumer Price Index published on February 15, 2024 for January 2024.
Are they convertible?	No	No	No
The Company's right to make pre-payment or forced conversion	The Company may (but is not obligated) at any time and at its exclusive discretion, to pre-pay the Bonds (Series B) in whole or in part as it may choose by the last	The Company may (but is not obligated) at any time and at its exclusive discretion, to pre-pay the Bonds (Series C) in whole or in part as it may choose by the last payment date of	The Company may (but is not obligated) at any time and at its exclusive discretion, to pre-pay the Bonds (Series D) in whole or in part as it may choose by the last

(Series B) and 3.55% (Series C). For more information see the immediate report published by the Company on May 19, 2022 (Ref. No: 2022-01-061216). In addition, on September 8, 2022, following S&P Maalot's announcement of downgrading the Company's rating to 'i1BBB-' and of downgrading the Company's bonds to 'i1BBB+', the interest rate on the Bonds (Series B and Series C) increased by another 0.50% to 4.04% (Series B) and 4.05% (Series C). For more information see the immediate report published by the Company on September 12, 2022 (Ref. No: 2022-01-116473).

	Bonds (Series B)	Bonds (Series C)	Bonds (Series D)
	payment date of the Bonds (Series B) as decided by the Company's board of directors. For more information see Section 2.8.15 of the shelf prospectus.	the Bonds (Series C) as decided by the Company's board of directors. For more information see Section 2.8.15 of the shelf prospectus.	payment date of the Bonds (Series D) as decided by the Company's board of directors.
Has a guarantee been given for the payment of the Company's obligations according to the trust deed?	No	No	No

13. **Trustee details**

Bonds (Series B), Bonds (Series C) and Bonds (Series D)

- (a) Trust company's name: Reznik, Paz, Nevo Trusts Ltd.
- (b) Person in charge of series of promissory notes at the trust company: Yossi Reznik, CPA
- (c) Contact details: Tel: 03-6389200
Fax: 03-6389222
E-mail: trust@rpn.co.il
- (d) Postal address: 14 Yad Haharutzim St., Tel Aviv

14. **Rating**

On February 26, 2024, S&P Maalot announced that it had issued a rating of 'ilBBB+' for the issuance of bonds of up to ILS 360 million par value, for more information see the immediate report dated February 25, 2024 (Ref. No: 2024-01-016651) hereby included by way of reference.

Bond Series	B	
	Maalot	
Name of the rating company	Bond rating	Issuer's rating
The rating of the issuer and the bonds on the initial issuance date (May 2013)	ilA+	ilA+, stable
The rating of the issuer and the bonds on the series expansion date - February 2014	ilA+	ilA+, stable
The rating of the issuer and the bonds - June 2014	ilA+	ilA+, stable
July 2015	ilA+	ilA+, stable
March 2016	ilAA-	ilAA-, stable
March 2017	ilAA-	ilAA-, stable

Bond Series	B	
	Maalot	
Name of the rating company	Bond rating	Issuer's rating
March 2018	ilAA-	ilAA-, stable
March 2019	ilAA-	ilAA-, stable
March 2020	ilAA-	ilAA-, stable
March 2021	ilAA	ilAA-, stable
February 2022	ilAA	ilAA-, negative outlook
March 2022	ilAA	ilAA-, negative outlook
April 2022	ilAA	ilAA-, negative outlook
May 2022	ilA	ilA-, negative outlook
September 2022	ilBBB+	ilBBB-, negative outlook
July 2023	ilBBB+	ilBBB-, negative outlook
September 2023 (Company's ratings being taken off a negative CreditWatch)	ilBBB+	ilBBB-, negative outlook
January 2024	ilBBB+	ilBBB-, negative outlook
February 2024	ilBBB+	ilBBB-, negative outlook
The rating of the issuer and the bonds as of the date of the report	ilBBB+	ilBBB-, negative outlook

Bond Series	C	
	Maalot	
Name of the rating company	Bond rating	Issuer's rating
The rating of the bonds and the issuer on the initial issuance date (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
March 2021	ilAA	ilAA-, stable
February 2022	ilAA	ilAA-, negative outlook
March 2022	ilAA	ilAA-, negative outlook
April 2022	ilAA	ilAA-, negative outlook
May 2022	ilA	ilA-, negative outlook
September 2022	ilBBB+	ilBBB-, negative outlook
July 2023	ilBBB+	ilBBB-, negative outlook

Bond Series	C	
Name of the rating company	Maalot	
	Bond rating	Issuer's rating
September 2023 (Company's ratings being taken off a negative CreditWatch)	iBBB+	iBBB-, negative outlook
January 2024	iBBB+	iBBB-, negative outlook
February 2024	iBBB+	iBBB-, negative outlook
The rating of the issuer and the bonds as of the date of the report	iBBB+	iBBB-, negative outlook

Bond Series	D	
Name of the rating company	Maalot	
	Bond rating	Issuer's rating
The rating of the bonds and the issuer on the initial issuance date (February 2024)	iBBB+	iBBB-, negative outlook
The rating of the issuer and the bonds as of the date of the report	iBBB+	iBBB-, negative outlook

15. Meeting the conditions and obligations under the trust deeds

To the best of the Company's knowledge, as of the date of the report and during the reporting period, the Company was and is in compliance with all the conditions and undertakings pursuant to the trust deeds,¹³ in this respect, as of the end of the reporting period and as of the publication date of the report, the Company is in compliance with all the financial covenants established in the trust deeds (for Series B, C and D); including the financial covenants specified below:

A. The ratio between the Company's equity by the end of each quarter and the net solo financial debt as of that date shall not fall below 187.5%¹⁴:

The Company's equity attributed to the majority shareholders as of the end of the reporting period, namely, as of

March 31, 2024, is EUR 559.1 million.

The net financial debt, according to the Company's standalone financial statements as of that date is EUR 135.2 million.

Therefore, the ratio between the Company's equity and the net financial debt according to the standalone financial statements as of the end of the reporting period, namely, as of March 31, 2024, is approximately 413.43%.

¹³ In the trust deeds between the Company and Reznik, Paz, Nevo Trusts Ltd., as trustee for the bondholders (Series B) of the Company of July 14, 2014 (as amended on January 29, 2017, July 3, 2017 and May 27, 2018) between the Company and Reznik, Paz, Nevo Trusts Ltd., as trustee for the bondholders (Series C) of the Company and dated February 26, 2024, between the Company and Reznik, Paz, Nevo Trusts Ltd., as trustee for the bondholders (Series D) of the Company.

¹⁴ The requirement to uphold the above ratio only applies to Bondholders of Series B.

B. The ratio between the value of the pledged shares and the net debt shall not fall below the base ratio (as defined below):

	<u>With respect to Bondholders (Series B)</u>	<u>With respect to Bondholders (Series C)</u>	<u>With respect to Bondholders (Series D)</u>
“Base ratio”	Ratio of the value of the pledged shares to net debt of 175%.	Ratio of the value of the pledged shares to net debt of 175%.	Ratio of the value of the pledged shares to net debt of 175%.
“Net debt”	The ratio of the principal of Bonds (Series B) (plus accrued linkage differentials and interest accrued but not yet paid).	The ratio of the principal of Bonds (Series C) (plus accrued linkage differentials and interest accrued but not yet paid).	The ratio of the principal of Bonds (Series D) (plus accrued linkage differentials and interest accrued but not yet paid).
The number of BGP shares pledged as of March 31, 2024 and as of the execution date of the report	115,300 shares	794,157 shares	445,000 shares
The total issued share capital of BGP as of March 31, 2024, and as of the execution date of the report	1,978,261 shares		
% of the pledged shares out of BGP’s total issued share capital as of March 31, 2024 and as of the execution date of the report	5.8%	40.1%	22.5%
BGP’s equity attributed to the shareholders according to the Company’s financial statements as of March 31, 2024 and as of the execution date of the report	EUR 714,571 thousands		
The representative EUR/ILS exchange rate, as published by the Bank of Israel for March 31, 2024 and as of the execution date of the report	EUR/ILS of 3.9791 and 3.9820, respectively		
Value of the pledged shares as of March 31, 2024 and as of the	ILS 165,720 and 165,841 thousands, respectively	ILS 1,141,440 thousands, and ILS 1,142,272 thousands, respectively	ILS 639,597 and 640,064 thousands, respectively

	<u>With respect to</u> <u>Bondholders (Series B)</u>	<u>With respect to</u> <u>Bondholders (Series C)</u>	<u>With respect to</u> <u>Bondholders (Series D)</u>
execution date of the report			
Net debt as of March 31, 2024 and as of the execution date of the report	ILS 19,395 thousands	ILS 390,787 thousands	ILS 362,911 thousands
Ratio between the value of the pledged shares to net debt as of March 31, 2024 and as of the execution date of the report	Approximately 854% and 855%, respectively	Approximately 292% and 292%, respectively	Approximately 176% and 176%, respectively

C. The Company also undertook to comply with the following financial covenants in the trust deeds:

	<u>With respect to</u> <u>Bondholders (Series B)</u>	<u>With respect to</u> <u>Bondholders (Series C)</u>	<u>With respect to</u> <u>Bondholders (Series D)</u>	<u>As of March 31, 2024</u>	<u>As of the execution date of the report</u>	
Minimum equity	EUR 150 million	EUR 190 million	EUR 325 million	Approximately EUR 559.1 million	Approximately EUR 559.1 million	
Restrictions on dividend distributions *	Minimum equity	EUR 160 million	EUR 200 million	EUR 475 million	Approximately EUR 559.1 million	Approximately EUR 559.1 million
	Maximum cap ratio**	70%	70%	65%	45.16%	45.16%
	Minimum ratio between the value of the pledged shares and the net debt	-	-	150%	See Table B above.	See Table B above.
Maximum cap ratio**	75%	75%	72.5%	45.16%	45.16%	

* The Company has undertaken to not distribute dividends to its shareholders and/or to not distribute capital to its shareholders and/or to buyback its shares or convertible bonds if they will result in the Company failing to comply with the financial covenants specified above.

** Maximum cap ratio with respect to Bonds (Series B and C) and is calculated as follows (it should be noted that the value of sections B ("deferred loans") and C ("negative equity") for the definition of the 'cap' as detailed in the trust deeds is zero) (the data below are presented in EUR 000's):

Financial liabilities according to the solo reports	267,713
Financial liabilities of the subsidiaries	347,781
Minus cash, cash equivalent and deposits	(141,978)
The net financial debt, consolidated	473,516
<u>The cap</u> ¹⁵	
Equity including minority interests	575,029
The net financial debt, consolidated	473,516
The cap	1,048,545

Therefore **this ratio amounts to 45.16%** while according to the trust deeds for Series B and C this ratio should be lower than 75%.

The maximum cap ratio for Bonds (Series D) is calculated in the following manner: (The figures presented below are in EUR 000's):

Financial liabilities according to the solo reports	267,713
Financial liabilities of the subsidiaries	347,781
Minus cash, cash equivalent and deposits	(144,821)
The net financial debt, consolidated	470,673
<u>The cap</u>	
Equity including minority interests	575,029
The net financial debt, consolidated	470,673
The cap	1,045,702

¹⁵“**Total equity and debt (CAP)**” - The “net financial debt, consolidated” together with the following: (a) the Company's equity (including minority interests) as specified in the consolidated and audited or reviewed financial statements of the Company; (b) the outstanding balance of the Company's deferred loans (as defined below); and (c) impairments appearing in the consolidated financial statements (if any) for the pledged assets securing the loans, in an amount equal to the difference between the right of recourse to the borrower and the value of the loan in the Company's consolidated financial statements. “**Deferred loans**” - Any loan received by the Company from any person, which according to its terms is a subordinated debt ranking below the Bonds (Series B), the bonds from Series C to F, or the convertible bonds from series G to K which shall be issued by the Company, if issued by it, according to the shelf prospectus and which cannot be repaid (principal and/or interest) during the term of said bonds.

Therefore **this ratio amounts to 45.01%** while according to the trust deeds this ratio should be lower than 72.5% for Series D.

16. Description of the pledged assets securing the Company's obligations according to the promissory notes

To secure the Company's undertakings under the terms of the Bonds (Series B, C and D), the Company has created a first ranked pledge under Dutch law over the shares of Brack German Properties B.V., a wholly owned subsidiary of the Company, whose value in the Company's financial statements as of March 31, 2024 totals EUR 714.6 million.

In December 2023 the Company requested the trustee for the Bonds (Series B) to release and delete the registered pledges securing the Company's obligations in connection with the Bonds (Series B), according to the terms of the trust deed. The Company received a confirmation that the pledges had been deleted on January 2, 2024, and accordingly, in January 2024, it released 250,000 shares from the pledges recorded to secure its obligations in connection with Bonds (Series B).

Upon the completion of the issuance of the Company's Bonds (Series D), in March 2024 the Company pledged 445,000 additional BGP shares to secure its liabilities with respect to Bonds (Series D).

Therefore, as of the date of the report, 115,300, 794,157 and 445,000 BGP shares have been pledged to secure the Company's liabilities with respect to Bonds (Series B, C and D, respectively).

Release of excess collateral

- (a) **Bonds (Series B):** The Company may issue a release instruction to the trustee instructing the trustee to release the pledges recorded over the pledged shares and/or cash amounts and/or guarantees provided as collateral in favor of the trustee. For more information about release instructions see Sections 5.5(b) and 5.5(c) of the trust deed.
- (b) **Bonds (Series C):** The Company may issue a release instruction to the trustee instructing the trustee to release the pledges recorded over the pledged shares and/or cash amounts and/or guarantees provided as collateral in favor of the trustee. For more information about release instructions see Sections 5.5(b) and 5.5(c) of the trust deed.
- (c) **Bonds (Series D):** The Company may issue release instructions to the trustee for the release of pledged shares and/or the release of financial collateral (if provided as collateral). For more information about release instructions see Section 5.4(c) of the trust deed.

Replacing pledged assets and/or removing the pledge over the pledged shares

- (a) **Bonds (Series B):** The Company may, at any time, release and remove the pledge over the pledged shares (in whole or in part), or replace the pledged shares, in whole or in part, either against a guarantee or against making a cash deposit in the trust account. For more information see Section 5.5(e) of the trust deed.
- (b) **Bonds (Series C):** The Company may, at any time, release and remove the pledge over the pledged shares (in whole or in part), or replace the pledged shares, in whole or in part, either against a guarantee or against making a cash deposit in the trust account. For more information see Section 5.5(e) of the trust deed.
- (c) **Bonds (Series D):** The Company may, at any time, release and remove the pledge over the pledged shares (in whole or in part) and replace the pledged shares, in whole or in part, only with one or all of the financial collateral, and it may replace one or more of the financial collateral with BGP shares and a financial collateral with another. For more information regarding replacing the pledged assets and/or removing the pledge over the pledged shares see Section 5.4(e) of the trust deed.

17. Attaching the financial statements of BGP

According to legal position no. 103-29 issued by the staff of the Securities Authority (“Findings regarding the adequacy of the disclosure regarding collateral and/or pledges given by reporting corporations to secure the payment of promissory notes”), if the shares of an investee are pledged, the corporation is required to attach the investee's audited/reviewed financial statements, as the case may be, every quarter, until the promissory notes are fully paid-off. However, as of the date of the report, the only differences between the Company's consolidated financial statements and the financial statements of BGP, a company wholly owned by the Company, whose shares are pledged in favor of the Bondholders (the “**pledged investee**”) are the total cash personally held by the Company together with the assets and the bonds issued by the Company and the loan from the controlling shareholder together with the liabilities (as reflected in the Company's standalone/solo reports). Consequently, the Company's consolidated reports are almost totally identical to those of the pledged investee (other than the cash held by the Company, the bonds issued by it and the loan it received from the controlling shareholder), and the Company is therefore not attaching separate financial statements of the pledged investee.

Presented below are data as of March 31, 2024 concerning the Group's assets and liabilities not included in the consolidated financial statements of the pledged investee, compared with the assets and liabilities of the pledged investee and the total of the consolidated balance sheet:

The Company declares that the data presented below have been taken from the financial statements audited by the Company's auditor.

For more information about BGP's condensed financial statements, see Appendix A below.

Data as of March 31, 2024 (EUR 000's)	The Company on a consolidated basis	Assets/ liabilities of the pledged investee	Asset/ liabilities of non-pledged corporations
Total assets	1,313,032	1,180,228	132,804
Current assets	193,328	60,524	132,804
Non-current assets	1,119,704	1,119,704	-
Total liabilities	738,003	449,724	288,279
Current liabilities	186,205	79,121	107,084
Non-current liabilities	551,798	370,603	181,195
Minority interests	15,933	15,933	-
Total equity attributable to Company's shareholders	559,096	714,571	(155,475)
Percentage of assets of the total assets on the balance sheet	100%	90%	10%
Percentage of liabilities of the total liabilities on the balance sheet	100%	61%	39%
Percentage of equity of the total equity on the balance sheet	100%	128%	(28%)

Signatories' names	Positions	Signature
Thilo Schmid	Chairman	
Thierry Beaudemoulin	CEO	

May 23, 2024

Appendix A - Condensed Financial Statements of BGP B.V.

Consolidated Statements of Financial Position

	As of 31 March		As of 31 December
	2024	2023	2023
	EUR 000's		
<u>Current assets</u>			
Cash and cash equivalents	36,474	178,129	22,386
Restricted deposits, financial assets and other debit balances	32,502	33,846	47,612
Accounts and other receivables for sale of apartments	248	260	251
Tenants and trade receivables, net	1,774	2,461	2,331
Assets of disposal groups held for sale	16,500	130,898	-
Total current assets	87,498	345,594	72,580
<u>Non-current assets</u>			
Investments in financial assets measured at fair value through profit or loss	4,508	4,508	4,508
Inventory of land	140,700	201,222	156,100
Investment property - rights in land	30,200	35,300	30,200
Investment property - income-generating properties	928,810	925,123	928,810
Deposits restricted for investment in properties	7,975	5,278	8,038
Accounts receivable, debit balances and other financial assets	7,511	166	7,524
Deferred taxes	-	282	-
Total non-current assets	1,119,704	1,171,879	1,135,180
Total assets	1,207,202	1,517,473	1,207,760

Consolidated Statements of Financial Position

	As of 31 March		As of 31 December
	2024	2023	2023
	EUR 000's		
<u>Current liabilities</u>			
Current maturities of loans from banking corporations	53,651	99,090	20,631
Accounts payable, credit balances and other liabilities	25,319	25,138	23,213
Current tax liabilities	148	842	127
Liabilities of disposal groups held for sale	-	59,239	-
Total current liabilities	79,118	184,309	43,971
<u>Non-current liabilities</u>			
Loans from banking corporations	294,130	211,685	329,178
Other financial liabilities	5,631	2,483	5,707
Deferred taxes	70,842	84,582	71,015
Total non-current liabilities	370,603	298,750	405,900
<u>Total liabilities</u>	449,721	483,059	449,871
<u>Equity attributable to Company's shareholders</u>			
Share capital	20	20	20
Share premium	142,795	282,668	142,712
Statutory capital reserve	256,729	350,956	256,729
Retained earnings	342,004	372,516	342,582
Total equity attributable to Company's shareholders	741,548	1,006,160	742,043
Minority interests	15,933	28,254	15,846
Total equity	757,481	1,034,414	757,889
Total liabilities and equity	1,207,202	1,517,473	1,207,760

Consolidated Statements of Profit or Loss and Other Comprehensive Profit

	<u>For the three-month period</u>		<u>For the year ended</u>
	<u>ended 31 March</u>		<u>31 December</u>
	<u>2024</u>	<u>2023</u>	<u>2023</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>EUR 000's</u>		
Revenues from property rentals	12,201	12,421	49,776
Revenues from property management	6,059	6,072	24,530
Property management expenses	(6,073)	(5,797)	(24,207)
Cost of maintenance of rental properties	(1,787)	(2,417)	(8,142)
Net rental and management revenues	<u>10,400</u>	<u>10,279</u>	<u>41,957</u>
Revenues from selling apartments	-	-	-
Cost of selling apartments	(525)	-	(46,726)
Profit (loss) from selling apartments	<u>(525)</u>	<u>-</u>	<u>(46,726)</u>
General and administrative expenses	(3,777)	(2,866)	(12,293)
General and administrative expenses relating to land inventory	<u>(396)</u>	<u>(551)</u>	<u>(1,404)</u>
Net profit (loss) before revaluing investment properties	5,702	6,862	(18,466)
Decrease in value of investment properties	<u>(2,098)</u>	<u>(2,019)</u>	<u>(111,687)</u>
Profit (loss) before financing expenses	3,604	4,843	(130,153)
Financing expenses	(2,821)	(2,216)	(10,079)
Other revenues (expenses), net	<u>(117)</u>	<u>(133)</u>	<u>(674)</u>
Profit (loss) before taxes on income	666	2,494	(140,906)
Tax abatement (taxes on income)	<u>(1,160)</u>	<u>(582)</u>	<u>14,421</u>
Total net and comprehensive profit (loss) for the period	<u>(494)</u>	<u>1,912</u>	<u>(126,485)</u>
<u>Net and comprehensive profit (loss) attributable to:</u>			
Shareholders of the Company	(580)	2,167	(123,823)
Minority interests	86	(255)	(2,662)
	<u>(494)</u>	<u>1,912</u>	<u>(126,485)</u>
Net profit (loss) per share attributable to Company's shareholders (in EUR) - Basic and diluted	<u>(0.03)</u>	<u>0.11</u>	<u>(6.26)</u>

Consolidated Statements of Cash-Flow

	For the three-month period ended 31 March		For the year ended 31 December
	2024	2023	2023
	EUR 000's		
<u>Cash-flows from operating activities</u>			
Profit (loss) for the period	(494)	1,912	(126,485)
Adjustments required to present cash-flows from operating activities:			
Adjustments to the profit or loss items:			
Financing expenses, net	2,821	2,217	9,300
Decrease (increase) in fair value of financial instruments	-	-	779
Net decrease (increase) in value of investment properties	2,098	2,019	111,687
Tax expenses, net	1,160	9	(14,421)
	6,079	4,245	107,345
Cash-flows from operating activities before changes in operating asset and liability line-items	5,585	6,157	(19,140)
Changes in operating asset and liability line-items:			
Decrease (increase) in tenants and trade receivables, financial assets and other debit balances	3,028	(327)	246
Increase (decrease) in creditors and debit balances	2,238	(1,174)	(45)
	5,266	(1,501)	201
Net cash deriving from (utilized for) operating activities before activity with land assets and liabilities	10,851	4,656	(18,939)
Taxes on income paid	(843)	(292)	(2,139)
Decrease (increase) in inventory of land	(2,630)	(1,462)	39,178
Net cash deriving from (utilized for) operating activities	7,378	2,902	18,100

Consolidated Statements of Cash-Flows

	<u>For the three-month period</u>		<u>For the year ended</u>
	<u>ended 31 March</u>		<u>31 December</u>
	<u>2024</u>	<u>2023</u>	<u>2023</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
	EUR 000's		
<u>Cash-flows for investment activities</u>			
Investment in investment properties - income-generating properties	(2,055)	(1,941)	(7,675)
Investment in investment property - rights in land	-	-	(79)
Proceeds from the sale of investment properties net transaction costs	-	12,810	12,810
Net proceeds from the sale of consolidated companies	13,494	-	750
Net withdrawal (deposit) of restricted deposits	5	(361)	(8,256)
Interest earned on deposits	244	-	1,495
Net cash deriving from (utilized for) investment activities	11,688	10,508	(955)
<u>Cash-flows for financing activities</u>			
Interest paid	(2,917)	(1,812)	(10,897)
Distribution and payment to minority shareholders	-	-	(10,000)
Receipt of long-term bank loans	-	-	4,868
Repayment of long-term bank loans	(2,145)	(9,357)	(16,779)
Net cash received from (paid to) the parent company	84	114	(139,842)
Net cash deriving from (utilized for) financing activities	(4,978)	(11,055)	(172,650)
<u>Change in cash and cash equivalents</u>	14,088	2,355	(155,505)
<u>Balance of cash and cash equivalents at beginning of period</u>	22,386	175,843	175,843
Change in cash of disposal groups held for sale	-	(69)	2,048
<u>Balance of cash and cash equivalents at end of period</u>	36,474	178,129	22,386

BRACK CAPITAL PROPERTIES N.V.

***Condensed Interim Consolidated Financial
Statements***

As of March 31, 2024

(Unaudited)

BRACK CAPITAL PROPERTIES N.V.

Condensed Interim Consolidated Financial Statements

As of March 31, 2024

(Unaudited)

Table of Contents

	<u>Page</u>
Auditor's review report	2
Condensed interim consolidated statement of financial position	3-4
Condensed interim consolidated statement of profit or loss and comprehensive profit	5
Condensed interim consolidated statement of changes in equity	6-9
Condensed interim consolidated statement of cash-flows	10-11
Notes to the Interim Consolidated Financial Statements	12-22



Auditor's review report
to the Shareholders of Brack Capital Properties N.V.

Preface

We have reviewed the attached financial information for Brack Capital Properties N.V., including the condensed consolidated statement of financial position as of March 31, 2024, as well as the condensed consolidated statements of profit and loss, comprehensive profit, changes in equity and cash-flow for the three-month period ending on the same date. The board of directors and management are responsible for the preparation and presentation of financial information for this interim period, pursuant to International Accounting Standard IAS 34, "Interim Financial Reporting," and are also responsible for the preparation of financial information for this interim period according to Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion regarding the financial information for this interim period, based on our review.

The condensed financial data of the Company as of March 31, 2024 and for the period ended on the same date was audited by other auditors whose report on such statements dated May 24, 2023, included an unqualified conclusion and an emphasis on the uncertainty regarding the implementation of the management's plans for repayment of the Company's liabilities.

Scope of the Review

We conducted our review in accordance with Review Standard (Israel) no. 2410 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Data Prepared by the Entity's Auditor". A review of interim financial information includes making inquiries, particularly with the people responsible for financial and accounting matters, and performing analytical and other review procedures. A review is significantly limited in scope relative to an audit conducted in accordance with generally accepted accounting standards in Israel, and therefore does not allow us to reach a level of assurance that we have become aware of all material issues which may have been identified in an audit. We are therefore not expressing an audit opinion.

Conclusion

Based on our review, nothing has come to our attention which would lead us to believe that the above financial information was not prepared, in all material respects, in accordance with IAS 34.

In addition to that set forth in the preceding paragraph, based on our review, nothing has come to our attention which would lead us to believe that the above financial information does not fulfill, in all material respects, the disclosure requirements set forth in Section D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel Aviv, May 23, 2024

Ziv Haft
Auditors

BRACK CAPITAL PROPERTIES N.V.

Condensed interim consolidated statement of financial position

	<u>As of 31 March</u>		<u>As of 31</u>
	<u>2024</u>	<u>2023</u>	<u>December</u>
	<u>(Unaudited)</u>		<u>2023</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>EUR 000's</u>		
<u>Current assets</u>			
Cash and cash equivalents	141,978	209,969	42,527
Restricted deposits, financial assets and other debit balances	32,828	33,847	47,734
Accounts and other receivables for sale of apartments	248	260	251
Tenants and trade receivables, net	1,774	2,461	2,331
Assets of disposal groups held for sale	<u>16,500</u>	<u>130,898</u>	<u>-</u>
Total current assets	<u>193,328</u>	<u>377,435</u>	<u>92,843</u>
<u>Non-current assets</u>			
Investments in financial assets measured at fair value through profit or loss	4,508	5,287	4,508
Inventory of land	140,700	209,901	156,100
Investment property - rights in land	30,200	35,300	30,200
Investment property - income-generating properties	928,810	925,123	928,810
Deposits restricted for investment in properties	7,975	5,278	8,038
Accounts receivable, debit balances and other financial assets	7,511	166	7,524
Deferred taxes	<u>-</u>	<u>282</u>	<u>-</u>
Total non-current assets	<u>1,119,704</u>	<u>1,181,337</u>	<u>1,135,180</u>
Total assets	<u>1,313,032</u>	<u>1,558,772</u>	<u>1,228,023</u>

May 23, 2024

Financial statements
approval date

Thilo Schmid
Chairman of the
Board of Directors

Thierry
Beaudemoulin
CEO

Eran Edelman
CFO

The notes to the condensed interim consolidated financial statements constitute an integral part thereof.

BRACK CAPITAL PROPERTIES N.V.

Condensed interim consolidated statement of financial position

	As of 31 March		As of 31 December
	2024	2023	2023
	(Unaudited)		(Audited)
	EUR 000's		
<u>Current liabilities</u>			
Current maturities of loans from banking corporations	53,651	99,090	20,631
Current maturities of bonds	25,026	60,695	24,753
Other financial liabilities	4,309	9,644	4,948
Loan from the controlling shareholder	75,000	150,444	75,000
Accounts payable, credit balances and other liabilities	28,071	26,234	25,126
Current tax liabilities	148	842	127
Liabilities of disposal groups held for sale	-	59,239	-
	186,205	406,188	150,585
<u>Non-current liabilities</u>			
Loans from banking corporations	294,130	211,685	329,178
Bonds	167,687	100,659	77,755
Other financial liabilities	19,139	18,476	21,249
Deferred taxes	70,842	84,582	71,015
	551,798	415,402	499,197
<u>Total liabilities</u>	738,003	821,590	649,782
<u>Equity attributable to Company's shareholders</u>			
Share capital	77	77	77
Share premium	144,237	144,237	144,237
Treasury shares	(746)	(746)	(746)
Other capital reserves	(531)	(531)	(531)
Statutory capital reserve	256,729	350,956	256,729
Retained earnings	159,330	214,935	162,628
Total equity attributable to Company's shareholders	559,096	708,928	562,394
<u>Minority interests</u>	15,933	28,254	15,847
<u>Total equity</u>	575,029	737,182	578,241
Total liabilities and equity	1,313,032	1,558,772	1,228,023

The notes to the condensed interim consolidated financial statements constitute an integral part thereof.

BRACK CAPITAL PROPERTIES N.V.

Condensed interim consolidated statement of profit or loss and comprehensive profit

	<u>For the three-month period</u>		<u>For the year ended</u>
	<u>ended 31 March</u>		<u>31 December</u>
	<u>2024</u>	<u>2023</u>	<u>2023</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>EUR 000's</u>		
Revenues from property rentals	12,201	12,421	49,776
Revenues from property management	6,059	6,072	24,530
Property management expenses	(6,073)	(5,797)	(24,207)
Cost of maintenance of rental properties	(1,787)	(2,417)	(8,142)
Net rental and management revenues	<u>10,400</u>	<u>10,279</u>	<u>41,957</u>
Revenues from selling apartments	-	-	-
Cost of selling apartments	(525)	-	(61,377)
Profit (loss) from selling apartments	<u>(525)</u>	<u>-</u>	<u>(61,377)</u>
General and administrative expenses	(3,166)	(3,737)	(13,072)
General and administrative expenses relating to land inventory	<u>(396)</u>	<u>(551)</u>	<u>(1,404)</u>
Net profit (loss) before revaluing investment properties	6,313	5,991	(33,896)
Decrease in value of investment properties	<u>(2,098)</u>	<u>(2,019)</u>	<u>(111,687)</u>
Profit (loss) before financing expenses	4,215	3,972	(145,583)
Financing expenses excluding the impact of exchange rate and index changes and hedging transactions	(4,297)	(2,718)	(10,062)
Impact of exchange rate and index changes and hedging and other transactions	(226)	2,402	(876)
Change in fair value of financial instruments, credit and other losses	(1,627)	-	(3,226)
Other revenues (expenses), net	<u>(117)</u>	<u>(133)</u>	<u>(674)</u>
Profit (loss) before taxes on income	(2,052)	3,523	(160,421)
Tax abatement (taxes on income)	(1,160)	(582)	14,421
Total net and comprehensive profit (loss) for the period	<u><u>(3,212)</u></u>	<u><u>2,941</u></u>	<u><u>(146,000)</u></u>
Net and comprehensive profit (loss) attributable to:			
Shareholders of the Company	(3,298)	3,196	(143,338)
Minority interests	86	(255)	(2,662)
	<u><u>(3,212)</u></u>	<u><u>2,941</u></u>	<u><u>(146,000)</u></u>
Net profit (loss) per share attributable to Company's shareholders			
(in EUR) - Basic and diluted	<u><u>(0.43)</u></u>	<u><u>0.41</u></u>	<u><u>(18.54)</u></u>

The notes to the condensed interim consolidated financial statements constitute an integral part thereof.

BRACK CAPITAL PROPERTIES N.V.

Condensed interim consolidated statement of changes in equity

	Equity attributable to Company's shareholders							Minority interests	Total share capital
	Share capital	Premium on shares	Treasury shares	Other capital reserves	Statutory capital reserve	Retained earnings	Total		
	EUR 000's								
<u>Balance as of January 1, 2024</u> (audited)	77	144,237	(746)	(531)	256,729	162,628	562,394	15,847	578,241
Total net and comprehensive profit (loss) for the period	-	-	-	-	-	(3,298)	(3,298)	86	(3,212)
<u>Balance as of March 31, 2024</u> (unaudited)	<u>77</u>	<u>144,237</u>	<u>(746)</u>	<u>(531)</u>	<u>256,729</u>	<u>159,330</u>	<u>559,096</u>	<u>15,933</u>	<u>575,029</u>

The notes to the condensed interim consolidated financial statements constitute an integral part thereof.

BRACK CAPITAL PROPERTIES N.V.

Condensed interim consolidated statement of changes in equity

	Equity attributable to Company's shareholders						Total	Minority interests	Total share capital
	Share capital	Premium on shares	Treasury shares	Other capital reserves	Statutory capital reserve	Retained earnings			
	EUR 000's								
<u>Balance as of January 1, 2023</u> (audited)	77	144,237	(746)	(531)	350,956	211,739	705,732	28,509	734,241
Total net and comprehensive profit (loss) for the period	-	-	-	-	-	3,196	3,196	(255)	2,941
<u>Balance as of March 31, 2023</u> (unaudited)	<u>77</u>	<u>144,237</u>	<u>(746)</u>	<u>(531)</u>	<u>350,956</u>	<u>214,935</u>	<u>708,928</u>	<u>28,254</u>	<u>737,182</u>

The notes to the condensed interim consolidated financial statements constitute an integral part thereof.

BRACK CAPITAL PROPERTIES N.V.

Condensed interim consolidated statement of changes in equity

	Equity attributable to Company's shareholders							Minority interests	Total share capital
	Share capital	Premium on shares	Treasury shares	Other capital reserves	Statutory capital reserve	Retained earnings	Total		
EUR 000's									
<u>Balance as of January 1, 2023</u> (audited)	77	144,237	(746)	(531)	350,956	211,739	705,732	28,509	734,241
Total net and comprehensive annual loss	-	-	-	-	-	(143,338)	(143,338)	(2,662)	(146,000)
Classification per Dutch law	-	-	-	-	(94,227)	94,227	-	-	-
Distribution and payment to minority shareholders	-	-	-	-	-	-	-	(10,000)	(10,000)
<u>Balance as of December 31, 2023</u> (audited)	77	144,237	(746)	(531)	256,729	162,628	562,394	15,847	578,241

The notes to the condensed interim consolidated financial statements constitute an integral part thereof.

BRACK CAPITAL PROPERTIES N.V.

Condensed interim consolidated statement of cash-flows

	For the three-month period ended 31 March		For the year ended 31 December
	2024	2023	2023
	(Unaudited)		(Audited)
	EUR 000's		
<u>Cash-flows from operating activities</u>			
Profit (loss) for the period	(3,212)	2,941	(146,000)
Adjustments required to present cash-flows from operating activities:			
Adjustments to the profit or loss items:			
Financing expenses, net	(807)	(494)	7,105
Decrease in fair value of financial instruments	-	-	779
Net decrease in value of investment properties	2,098	2,019	111,687
Tax expenses, net	1,160	9	(14,421)
	2,451	1,534	105,150
Cash-flows from operating activities before changes in operating asset and liability line-items	(761)	4,475	(40,850)
Changes in operating asset and liability line-items:			
Decrease (increase) in tenants and trade receivables, financial assets and other debit balances	2,825	(117)	334
Increase (decrease) in creditors and debit balances	2,160	(961)	(180)
	4,985	(1,078)	154
Net cash deriving from (utilized for) operating activities before activity with land assets and liabilities	4,224	3,397	(40,696)
Taxes on income paid	(843)	(292)	(2,139)
Decrease (increase) in inventory of buildings under construction and inventory of land	48	(763)	59,411
Net cash deriving from operating activities	3,429	2,342	16,576

The notes to the condensed interim consolidated financial statements constitute an integral part thereof.

BRACK CAPITAL PROPERTIES N.V.

Condensed interim consolidated statement of cash-flows

	<u>For the three-month period</u>		<u>For the year ended</u>
	<u>ended 31 March</u>		<u>31 December</u>
	<u>2024</u>	<u>2023</u>	<u>2023</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>EUR 000's</u>		
<u>Cash-flows for investment activities</u>			
Investment in investment properties - income-generating properties	(2,055)	(1,941)	(7,675)
Investment in investment property - rights in land	-	-	(79)
Proceeds from the sale of investment properties net transaction costs	-	12,810	12,810
Net proceeds from the sale of consolidated companies (a)	13,494	-	750
Net withdrawal (deposit) of restricted deposits	5	(361)	(8,256)
Interest earned on deposits	244	-	1,495
Net cash deriving from (utilized for) investment activities	<u>11,688</u>	<u>10,508</u>	<u>(955)</u>
<u>Cash-flows for financing activities</u>			
Interest paid	(4,576)	(3,932)	(16,164)
Distribution and payment to minority shareholders	-	-	(10,000)
Payments of financial liability for exchange rate hedging	-	-	(11,335)
Receipt of long-term bank loans	-	-	4,868
Repayment of loan from the controlling shareholder	-	-	(75,000)
Net issuance of bonds	91,055	-	-
Repayment of bonds	-	-	(61,209)
Repayment of long-term bank loans	<u>(2,145)</u>	<u>(9,357)</u>	<u>(16,779)</u>
Net cash deriving from (utilized for) financing activities	<u>84,334</u>	<u>(13,289)</u>	<u>(185,619)</u>
<u>Change in cash and cash equivalents</u>	99,451	(439)	(169,998)
<u>Balance of cash and cash equivalents at beginning of period</u>	<u>42,527</u>	<u>210,477</u>	<u>210,477</u>
Change in cash of disposal groups held for sale	-	(69)	2,048
<u>Balance of cash and cash equivalents at end of period</u>	<u>141,978</u>	<u>209,969</u>	<u>42,527</u>

The notes to the condensed interim consolidated financial statements constitute an integral part thereof.

BRACK CAPITAL PROPERTIES N.V.

Condensed interim consolidated statement of cash-flows

	For the three-month period ended 31 March		For the year ended 31 December
	2024	2023	2023
	(Unaudited)		(Audited)
	EUR 000's		
(a) <u>Net proceeds from the sale of consolidated companies</u>			
Assets and liabilities of consolidated companies as of the sale date:			
Investment properties	-	-	24,000
Cash and cash equivalents	-	-	403
Net working capital	-	-	(95)
Other liabilities	-	-	(1,000)
Loans from banking corporations, net	-	-	(7,712)
Deferred taxes, net	-	-	(1,954)
	-	-	13,642
Plus Company's profit for the sale of a consolidated company	-	-	700
Less balance receivable for the sale of a consolidated company (*)	13,494	-	(13,494)
Less a loan given to the buyer for the sale of a consolidated company	-	-	(98)
	13,494	-	750 (*)

(*) The balance totaling approximately EUR 13,494 thousands was received in January 2024. An advance of approximately EUR 750 thousands was received in December 2023.

The notes to the condensed interim consolidated financial statements constitute an integral part thereof.

BRACK CAPITAL PROPERTIES N.V.

Notes to the Interim Consolidated Financial Statements

NOTE 1 - GENERAL

General description of the Company and its activities

Brack Capital Properties N.V. (hereinafter - the “Company”) was incorporated in June 2006. It is a Netherlands domiciled real estate company which, through investees, is engaged in acquiring and managing investment properties in Germany, primarily in the income-generating residential property segment. The Company is also engaged in the development of residential complexes and betterment of land in Dusseldorf, Germany.

The Company’s shares and bonds are listed on the Tel Aviv Stock Exchange.

The control of the Company was acquired by ADLER Real Estate AG in April 2018 (“ADLER”).

In December 2021, LEG Grundstücksverwaltung GmbH (“LEG”), a subsidiary of LEG Immobilien AG, acquired 6.7% of the Company’s share capital and voting rights from ADLER. ADLER additionally undertook to participate in any tender offer LEG may initiate for the remaining ordinary shares of the Company held by ADLER, subject to said tender offer being made by September 30, 2022, at a minimum price per share set in the above-stated agreement between the parties of EUR 157 per share. Additionally, LEG acquired an additional 27.77% of the Company’s shares held by the Company’s minority shareholders in January 2022. Throughout 2022 LEG continued purchasing Company shares and it holds approximately 35.66% of the Company’s shares as of the execution date of the report. It should be noted that on August 4, 2022, the Company learned that LEG had decided to not publish a tender offer to acquire the remaining shares of the Company and to similarly not exercise ADLER’s undertaking to it. It should further be noted that the aforementioned option expired on September 30, 2022.

As of March 31, 2024, the Company has positive working capital of approximately EUR 7,123 thousands.

The Company took a number of actions in an attempt to improve its level of liquidity during and following the reporting period:

- The Company is examining the sale of additional properties from both its income-generating and development portfolios if necessary to meet the Company’s liquidity needs. It should be noted that the Company has engaged brokers to sell these properties. The Company assesses that in light of the nature of the properties, the Company’s board expects that if necessary and if a binding decision is made by the Company’s board to make said sales, then the Company will be able to complete the sale of the relevant properties within the upcoming year.
- The Company is also acting to enter agreements to extend the maturity dates for existing loans, and is also acting to receive financing from additional financial entities and is continuing to examine the possibility of receiving long-term financing either from banking or other financial corporations or via the capital markets, considering the state of the German property market and the Israeli, German and global capital markets.
- In light of the uncertainty entailed with the timing and scope of sale of the Company’s

properties and completion of the refinancing processes of existing loans, as stated above, the Company examined various scenarios to assess its ability to handle the above-stated financial implications. The Company's board and management have assessed that the Company will be able to continue operating as a going concern in the foreseeable future. This assessment was based on the management's forecast which analyzed the Company's ability to comply with the financial covenants and commitments, including under pressure conditions, and the actions being taken by the Company regarding the financing structure of its activities, including in light of the above-stated measures

- For details regarding the issuance of a new listed series of Bonds (Series D), see Note 4(2) below.
- For details regarding the sale of the land in Grafental, see Note 4(3) below.
- For details regarding the amendment of the terms and conditions of the loan from ADLER, the controlling shareholder, see Note 4(4) below.
- Change to the Company's operating segments - In the Company's 2023 annual financial statements the Company presented 4 different operating segments: Income-generating residential real estate, income-generating commercial real estate, land for betterment and residential development. Due to the continued implementation of the Company's commercial strategy, the Company decided to reclassify its operating segments into two operating segments:

Income-generating residential real estate - residential property rentals.

Development property - land plots primarily in the city of Dusseldorf which are at various stages of planning.

Additionally, the Company has holdings in 3 commercial properties, which have been classified as "other" due to them not meeting the criteria established in the accounting standards to fall under the definition of an operating segment. These properties are immaterial to the Company and constitute approximately 1% and approximately 3% of the Company's total assets and total revenues (respectively).

Therefore, the Company's management (the CODM - the "chief operating decision maker"), only routinely reviews the income-generating property and property development operations in order to make decisions and to allocate resources.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

A. Preparation of the financial statements

The interim consolidated financial statements are prepared according to generally accepted accounting practices for preparing interim financial statements pursuant to International Accounting Standard 34, “Interim Financial Reporting”, and also in accordance with the disclosure provisions of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. The accounting policies applied in preparing the interim consolidated financial statements are consistent with those applied in preparing the annual consolidated financial statements.

These financial statements have been prepared in a condensed format as of March 31, 2024, and for the three-month period ended on the same date (hereinafter - the “interim consolidated financial statements”) and were signed on May 23, 2024. These reports should be read in conjunction with the Company’s annual financial statements as of December 31, 2023, and for the year ended on the same date and the accompanying notes (hereinafter - the “annual consolidated financial statements”).

B. Estimates and judgments

The Company’s management is required to make judgments, assessments, estimates and assumptions when preparing interim consolidated financial statements according to IFRS which affect the implementation of the policies and values of the assets and liabilities, revenues and costs. It should be clarified that actual results may differ from these estimates. The management judgments made when applying the Group’s accounting policies and the principle assumptions used in the assessments entailing uncertainty are consistent with those used in preparing the annual financial statements.

C. New International Financial Reporting Standard - IFRS 18, Presentation and Disclosures in Financial Statements

The new IFRS 18 standard which was issued in April 2024 is intended to improve the comparability and transparency with the reporting of company performance. The new standard replaces IAS 1, Presentation of Financial Statements, and does not deal with the recognition and measurement of line-items in the financial statements.

The primary changes to the financial statements with the application of the new standard relative to the current presentation and disclosure provisions, are as follows:

- The new standard will change the structure of the statement of profit or loss and will include three new defined categories: Operating, investment and financing and will include two new interim summary totals: Operating profit and profit before financing and taxes on income.
- The new standard includes guidelines for disclosing management-defined performance measures (MPMs).
- The new standard includes guidelines regarding the collection and breakdown of the data in the financial statements with respect to the question whether the information needs to be included in the primary statements or in the notes and disclosures regarding items defined as “other”.
- The new amendment includes amendments to other standards, including limited amendments to IAS 7, Statement of Cash-Flow.

IFRS 18 will be applied retrospectively from the annual periods beginning from January 1, 2027, through making a specific disclosure as established in the transition provisions for the new standard. Early implementation of IFRS 18 is possible through making the required disclosure.

The Company is examining the possible impact of IFRS 18 on the financial statements; however, at this stage it is unable to assess the impact. The impact of the new standard, if any, will only affect matters associated with presentation and disclosure.

NOTE 3 - FINANCIAL INSTRUMENTS

A. Financial instruments measured at fair value solely for disclosure

The following table specifies the balance in the financial statements and the fair value of sets of financial instruments presented in the financial statements not according to their fair value.

	As of March 31, 2024		As of March 31, 2023		As of December 31, 2023	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
	(Unaudited)				(Audited)	
	EUR 000's					
<u>Financial liabilities:</u>						
Bonds and bond interest payable	193,920	197,871	162,848	152,172	104,248	101,411
Loans from banking corporations	348,066	316,330	310,668	274,334	350,211	318,365

The management assesses that the balance of cash, short-term deposits, trade receivables, suppliers, overdrafts and other current liabilities as well as bank loans presented at amortized cost approximate their fair value due to the short maturity periods for these instruments.

The following methods and assumptions were used to establish the fair value:

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

B. Financial instruments measured at fair value

Classification of financial instruments according to tier of fair value

The table below presents the Group's financial assets and financial liabilities presented at fair value

:

	As of March 31, 2024		
	Level 1	Level 2	Level 3
	(Unaudited)		
	EUR 000's		
<u>Assets:</u>			
Financial assets measured at fair value through profit or loss:	-	-	4,508
<u>Liabilities:</u>			
Financial liabilities for hedging the EUR/ILS exchange rate	-	*(17,817)	-

(*) Under the Company's risk management policy it hedges exposure to exchange rate risk deriving from firm commitments through foreign exchange derivatives with a par value equal to that of the Company's bonds. The fair value of these derivatives is approximately EUR 17.8 million as of the date of the report.

The table below presents the Group's financial assets and financial liabilities presented at fair value

:

	As of March 31, 2023		
	Level 1	Level 2	Level 3
	(Unaudited)		
	EUR 000's		
<u>Assets:</u>			
Financial assets measured at fair value through profit or loss:	-	-	5,287
<u>Liabilities:</u>			
Financial liabilities for hedging the EUR/ILS exchange rate	-	(25,638)	-

	As of December 31, 2023		
	Level 1	Level 2	Level 3
	(Audited)		
	EUR 000's		
<u>Assets:</u>			
Financial assets measured at fair value through profit or loss:	-	-	4,508
<u>Liabilities:</u>			
Financial liabilities for hedging the EUR/ILS exchange rate	-	(20,490)	-

NOTE 4 - SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

1. Further to the Company's earlier reports, further to the decision by the Company's shareholders to not authorize the Company's board of directors to issue shares with the objective of preventing the Company's shares being placed on the maintenance list despite the repeated requests made by the Company's board of directors to its primary shareholders on this issue, pursuant to a decision of the Tel Aviv Stock Exchange Ltd. ("TASE"), the Company's shares were transferred to the TASE maintenance list on January 31, 2024, due to the Company failing to comply with the maintenance rules established in the TASE listing rules and guidances enacted thereto regarding the requirement for a minimal public holding of the Company's shares.
2. On February 29, 2024, the Company completed an issuance of a new series of Bonds (Series D) in a total scope of approximately ILS 360 million at Shekel-denominated interest (linked to CPI) of 5.05%.
3. On May 24, 2024, the Company, through a second-tier subsidiary (a granddaughter company), entered into an agreement to sell the land in Grafental located in the city of Dusseldorf. The total consideration for the sale of the land is approximately EUR 16.5 million, and will be received on the transaction closing date, anticipated to fall in Q3 2024. Furthermore, upon completion of the transaction, the cash deposit totaling approximately EUR 7.8 million, which as of the date of the report is pledged as a security to the city of Dusseldorf and which constitutes a condition for the city to issue the construction permits, will be released to the Company. It should be noted that the Company recognized a profit of approximately EUR 0.8 million in its financial statements due to the completion of this transaction.
4. Amendment of the terms and conditions and partial repayment of the loan from ADLER, the controlling shareholder - Subsequent to the date of the report, on May 22-23, 2024, the Company's audit committee and board of directors approved the repayment of part of the principal of the loan and amendment (lowering) of the interest rate applicable to the loan, as follows:
 - By June 3, 2024, the Company will repay EUR 50 million on account of the principal of the loan (which as of the date of the report and as of its execution date totals EUR 75 million). The maturity date for the balance of the loan principal, totaling EUR 25 million, remains at the end of 2024.
 - The balance of the principal of the loan will be subject to 3-Months-Euribor interest + a margin of up to 1.6% (instead of the 3-Months-Euribor + a margin of up to 3%), which shall apply retroactively as of January 1, 2024.

The other terms and conditions of the loan will remain unchanged.

It should be noted that the repayment of part of the principal of the loan and the amendment of the interest rate will amount to a saving of approximately EUR 2.5 million in the Company's interest expenses.

NOTE 5 - ASSETS AND LIABILITIES OF DISPOSAL GROUPS HELD FOR SALE

Further to that stated in Note 1, and according to a decision by the Company's management, the assets were classified according to disposal groups held for sale. As of March 31, 2024, the balance of assets and liabilities classified as disposal groups held for sale, include:

<u>Assets of disposal groups held for sale:</u>	<u>As of March 31, 2024</u>	<u>As of December 31, 2023</u>
Investment properties - income-generating properties	-	-
Investment property - rights in land	-	-
Inventory of land	16,500	-
Cash and cash equivalents	-	-
Accounts receivable (customers) and other debit balances	=	=
	16,500	-
<u>Liabilities of disposal groups held for sale:</u>	<u>As of March 31, 2024</u>	<u>As of December 31, 2023</u>
Loans from banking corporations	-	-
Deferred taxes	-	-
Accounts payable and other credit balances	=	=
	-	-

NOTE 6 - INVESTMENT PROPERTIES - RIGHTS IN LAND AND INCOME-GENERATING PROPERTIES

Presentation in the statement of financial position

	<u>As of March 31, 2024</u>	<u>As of December 31, 2023</u>
Investment property - rights in land	30,200	30,200
Investment properties - income-generating properties	<u>928,810</u>	<u>928,810</u>
	959,010	959,010

Investment property is presented at fair value which has been determined based on an appraisal as of December 31, 2023, performed by an external independent valuation expert who holds recognized and relevant professional qualifications and who has experience with the location and category of the property being valued. The fair value was determined based on an assessment of the expected future cash-flows from the property. The risk and rental limitations are taken into account when assessing cash flows by using a discount rate that reflects the risk underlying the cash flows supported by the standard yield in the market and by including adjustments for the specific characteristics of the properties and the level of risk for future income therefrom.

Significant assumptions used in assessing the values in the residential income-generating property segment:

	<u>As of December 31, 2023</u>	<u>As of June 30, 2023</u>
Discount rate (%)(**)	5.24	5.05
Cap rate (%)(**)	3.74	3.56
Long-term vacancy rate (%)	2.17	2.05
Monthly rental fee per sqm (EUR)	8.18	7.91

** It should be noted that according to the methodology applied in the appraisals, the assessed cash-flows for the first 10 years are capitalized by applying a discount rate. The cash-flows from the 11th year are capitalized by applying a cap rate.

NOTE 7 - OPERATING SEGMENTS

General

The operating segments are identified on the basis of information that is reviewed by the Company's management (the "CODM" (chief operating decision maker)) for the purpose of decision making with respect to the allocation of resources and evaluation of performance. Accordingly, for management purposes, the Group is organized according to the operating segments of its commercial units and it has two operating segments, as follows:

Income-generating residential real estate - residential property rentals.

Development property - 3 land plots in the city of Dusseldorf which are at various stages of planning.

It should be noted that the Company has an additional 3 commercial properties, which have been classified as "other" due to them not meeting the criteria established in the accounting standards to fall under the definition of an operating segment. These properties are immaterial to the Company and constitute approximately 1% and approximately 3% of the Company's total assets and total revenues (respectively).

	Income- generating residential properties	Developmen t property	Other	Total
	EUR 000's			
<u>For the three-month period ended on March 31, 2024</u>	(Unaudited)			
Revenues from property rentals	11,782	-	419	12,201
Revenues from property management	5,944	-	115	6,059
Property management expenses	(5,575)	-	(498)	(6,073)
Cost of maintenance of rental properties	(1,606)	-	(181)	(1,787)
Net rental and management revenues	<u>10,545</u>	<u>-</u>	<u>(145)</u>	<u>10,400</u>
Revenues from selling apartments	-	-	-	-
Cost of selling apartments	-	(525)	-	(525)
Profit (loss) from selling apartments	-	(525)	-	(525)
General and administrative expenses				(3,166)
General and administrative expenses relating to land inventory	-	(396)	-	(396)
Net decrease in value of investment properties	(2,055)	(43)	-	(2,098)
Financing expenses, net				(6,150)
Other expenses, net				(117)
Loss before taxes on income				<u>(2,052)</u>

	Income- generating residential properties	Developmen t property	Other	Total
EUR 000's				
<u>For the three-month period ended on March 31, 2023 (*)</u>	(Unaudited)			
Revenues from property rentals	11,955	1	465	12,421
Revenues from property management	5,986	1	85	6,072
Property management expenses	(5,604)	(25)	(168)	(5,797)
Cost of maintenance of rental properties	(1,614)	(1)	(802)	(2,417)
Net rental and management revenues	<u>10,723</u>	<u>(24)</u>	<u>(420)</u>	<u>10,279</u>
Revenues from selling apartments	-	-	-	-
Cost of selling apartments	-	-	-	-
Profit (loss) from selling apartments	-	-	-	-
General and administrative expenses				(3,737)
General and administrative expenses relating to land inventory	-	(551)	-	(551)
Net increase (decrease) in value of investment properties	(2,019)	-	-	(2,019)
Financing expenses, net				(316)
Other expenses, net				(133)
Profit before taxes on income				<u>3,523</u>

(*) Reclassified in accordance with the Company's operating segments in 2024.

	Income- generating residential properties	Developmen t property	Other	Total
EUR 000's				
<u>For the year ended December 31, 2023 (*)</u>	(Audited)			
Revenues from property rentals	48,090	4	1,682	49,776
Revenues from property management	24,034	6	490	24,530
Property management expenses	(23,707)	(81)	(419)	(24,207)
Cost of maintenance of rental properties	(5,220)	(53)	(2,869)	(8,142)
Net rental and management revenues	<u>43,197</u>	<u>(124)</u>	<u>(1,116)</u>	<u>41,957</u>
Revenues from selling apartments	-	-	-	-
Cost of selling apartments	-	(61,377)	-	(61,377)
Profit (loss) from selling apartments	-	(61,377)	-	(61,377)
General and administrative expenses				(13,072)
General and administrative expenses relating to land inventory	-	(1,404)	-	(1,404)
Net decrease in value of investment properties	(105,139)	(5,179)	(1,369)	(111,687)
Financing expenses, net				(14,164)
Other expenses, net				(674)
Loss before taxes on income				<u>(160,421)</u>

(*) Reclassified in accordance with the Company's operating segments in 2024.

BRACK CAPITAL PROPERTIES N.V.
Standalone Interim Financial Statements
As of March 31, 2024
(Unaudited)



Special auditor's review report for the shareholders of Brack Capital Properties N.V. on the interim standalone financial data in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970

Preface

We have reviewed the standalone interim financial data of Brack Capital Properties N.V. (hereinafter: the "Company"), presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970, as of March 31, 2024, and for the three-month period ended on said date. The board of directors and management are responsible for preparing and presenting this interim standalone financial data in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion regarding the interim standalone financial data for this interim period based on our review.

The condensed financial data of the Company as of March 31, 2024 and for the period ended on the same date was audited by other auditors whose audit opinion on such statements dated May 24, 2023, included an unqualified opinion and an emphasis on the uncertainty regarding the implementation of the management's plans for repayment of the Company's liabilities.

Scope of the Review

We conducted our review in accordance with Review Standard (Israel) no. 2410 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Data Prepared by the Entity's Auditor". A review of interim standalone financial data includes making inquiries, particularly with the people responsible for financial and accounting matters, and performing analytical and other review procedures. A review is significantly limited in scope relative to an audit conducted in accordance with generally accepted accounting standards in Israel, and therefore does not allow us to reach a level of assurance that we have become aware of all material issues which may have been identified in an audit. We are therefore not expressing an audit opinion.

Conclusion

Based on our review, nothing has come to our attention which would lead us to believe that the aforementioned standalone interim financial data was not prepared, in all material respects, in accordance with the provisions of Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel Aviv, May 23, 2024

**Ziv Haft
Auditors**

BRACK CAPITAL PROPERTIES N.V.

Amounts Included in the Interim Consolidated Statements of Financial Position Attributed to the Company

	As of 31 March		As of 31
	2024	2023	December
	(Unaudited)		2023
	(Unaudited)		(Audited)
	EUR 000's		
<u>Current assets</u>			
Cash and cash equivalents	105,504	31,840	20,141
Cash and cash equivalents in escrow	26,975	43,774	12,706
Restricted deposits, financial assets and other debit balances	325	-	122
Total current assets	<u>132,804</u>	<u>75,614</u>	<u>32,969</u>
<u>Non-current assets</u>			
Investment in an investee	714,571	971,064	729,336
Investment in a listed financial asset measured at fair value through the profit and loss	-	779	-
Total non-current assets	<u>714,571</u>	<u>971,843</u>	<u>729,336</u>
Total assets	<u>847,375</u>	<u>1,047,457</u>	<u>762,305</u>
<u>Current liabilities</u>			
Current maturities of bonds	25,026	60,695	24,753
Accounts payable, credit balances and other financial liabilities	7,058	10,737	6,861
Loan from the controlling shareholder	75,000	150,444	75,000
Total current liabilities	<u>107,084</u>	<u>221,876</u>	<u>106,614</u>
<u>Non-current liabilities</u>			
Bonds	167,687	100,659	77,755
Financial liabilities	13,508	15,994	15,542
Total non-current liabilities	<u>181,195</u>	<u>116,653</u>	<u>93,297</u>
Total liabilities	<u>288,279</u>	<u>338,529</u>	<u>199,911</u>
<u>Equity</u>			
Share capital	77	77	77
Share premium	144,237	144,237	144,237
Treasury shares	(746)	(746)	(746)
Other capital reserves	(531)	(531)	(531)
Statutory capital reserve	256,729	350,956	256,729
Retained earnings	159,330	214,935	162,628
Total equity	<u>559,096</u>	<u>708,928</u>	<u>562,394</u>
Total liabilities and equity	<u>847,375</u>	<u>1,047,457</u>	<u>762,305</u>

May 23, 2024

Financial statements approval date

Thilo Schmid
Chairman of the Board of
Directors

Thierry Beaudemoulin
CEO

Eran Edelman
CFO

The accompanying additional information constitutes an integral part of the standalone financial data and information.

BRACK CAPITAL PROPERTIES N.V.

Amounts Included in the Interim Consolidated Statements of Profit or Loss and Comprehensive Profit Attributed to the Company

	For the three-month period ended 31 March		For the year ended 31 December
	2024	2023	2023
	(Unaudited)		(Audited)
	EUR 000's		
General and administrative expenses	(744)	(871)	(3,047)
Net financing income (expenses)	(1,974)	(586)	(12,105)
Company's share in profits (losses) of investees	(580)	4,653	(128,186)
Net and comprehensive profit (loss)	(3,298)	3,196	(143,338)

The accompanying additional information constitutes an integral part of the standalone financial data and information.

BRACK CAPITAL PROPERTIES N.V.

Amounts Included in the Interim Consolidated Statements of Cash-Flows Attributed to the Company

	For the three-month period ended 31 March		For the year ended 31 December
	2024	2023	2023
	(Unaudited)		(Audited)
	EUR 000's		
<u>Cash-flows for the Company's operating activities</u>			
Net profit (loss) attributable to Company's shareholders	(3,298)	3,196	(143,338)
Adjustments required to present cash-flows deriving from the Company's operating activities:			
Adjustments to the Company's profit or loss items:			
Financing expenses (revenues), net	(952)	112	13,313
Company's share in losses (profits) of investees	580	(4,653)	128,186
	(372)	(4,541)	141,499
Changes in the Company's asset and liability items:			
Decrease (increase) in receivables and credit balances and related parties	(203)	210	88
Increase (decrease) in accounts payable and credit and affiliated party balances	(77)	214	(135)
	(280)	424	(47)
Net cash used for Company's operating activities	(3,950)	(921)	(1,886)
<u>Cash-flows from the Company's investment activities</u>			
Net movement in the investment in an investee and in cash and cash equivalents held in escrow	(84)	(114)	139,842
Net cash deriving from the Company's investment activities (utilized for investment activities)	(84)	(114)	139,842

The accompanying additional information constitutes an integral part of the standalone financial data and information.

BRACK CAPITAL PROPERTIES N.V.

Amounts Included in the Interim Consolidated Statements of Cash-Flows Attributed to the Company

	For the three-month period		For the year ended
	ended 31 March		31 December
	2024	2023	2023
	(Unaudited)		(Audited)
	EUR 000's		
<u>Cash flows for the Company's financing activities</u>			
Interest paid	(1,658)	(2,119)	(5,265)
Net issuance of bonds	91,055	-	-
Payments of financial liability for exchange rate hedging	-	-	(11,335)
Repayment of loan from the controlling shareholder	-	-	(75,000)
Repayment of bonds	-	-	(61,209)
Net cash deriving from (utilized for) the Company's financing activities	89,397	(2,119)	(152,809)
<u>Change in cash and cash equivalents</u>	85,363	(3,154)	(14,853)
<u>Balance of cash and cash equivalents at beginning of period</u>	20,141	34,994	34,994
<u>Balance of cash and cash equivalents at end of period</u>	105,504	31,840	20,141

The accompanying additional information constitutes an integral part of the standalone financial data and information.

1. **General**

This standalone financial data has been prepared in a condensed format in accordance with Section 9C of the Securities Regulations (Periodic and Immediate Reports), 1970. This standalone financial data should be read in conjunction with the standalone financial data in the Company's annual financial statements as of December 31, 2023 and for the year ended on the same date and the accompanying additional information.

General description of the Company and its operations

Brack Capital Properties N.V. (hereinafter - the "Company") was incorporated in June 2006. It is a Netherlands domiciled real estate company which, through investees, is engaged in acquiring and managing investment properties in Germany, primarily in the income-generating residential property segment. The Company is also engaged in the development of residential complexes and betterment of land in Dusseldorf, Germany.

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

The control of the Company was acquired by ADLER Real Estate AG in April 2018 ("ADLER").

In December 2021, LEG Grundstücksverwaltung GmbH ("LEG"), a subsidiary of LEG Immobilien AG, acquired 6.7% of the Company's share capital and voting rights from ADLER. ADLER additionally undertook to participate in any tender offer LEG may initiate for the remaining ordinary shares of the Company held by ADLER, subject to said tender offer being made by September 30, 2022, at a minimum price per share set in the above-stated agreement between the parties of EUR 157 per share. Additionally, LEG acquired an additional 27.77% of the Company's shares held by the Company's minority shareholders in January 2022. Throughout 2022 LEG continued purchasing Company shares and it holds approximately 35.66% of the Company's shares as of the execution date of the report. It should be noted that on August 4, 2022, the Company learned that LEG had decided to not publish a tender offer to acquire the remaining shares of the Company and to similarly not exercise ADLER's undertaking to it. It should further be noted that the aforementioned option expired on September 30, 2022.

2. **Material events during the reporting period**

For details about material events during the reporting period see the relevant sections of the Company's consolidated financial statements.