

Brack Capital Properties N. V.

(the “Company”)

Changes and innovations in the Company’s business affairs during and subsequent to the nine months ended September 30, 2024 (the reporting period) with the matters described in Chapter A to the periodic report for the annual period ended December 31, 2023.

Pursuant to Regulation 39A of the Securities Regulations (Periodic and Immediate Reports), 1970, presented below is an overview of the material changes or innovations with the Company’s affairs relative to that described in Chapter A of the periodic report for the year ended December 31, 2023, as published on March 28, 2024 (Ref. No: 2024-01-034905) (the “**periodic report**”), with respect to any matter required to be described in the periodic report. This chapter has been prepared under the assumption that the reader will be able to reference the periodic report.

It is clarified that, in general, the description included in this report only includes information which, in the Company’s opinion, is material, however, in some instances, in order to provide a full picture, additional information which is not necessarily material information has been included.

1. Section 1.1 of the periodic report: The Group’s activities and a description of the development of its business affairs

1.1. Change with the operating segments

For details regarding the changes to the Company’s operating segments, see Section 1.1 of the board report below.

1.2. The Company’s shares being placed on the maintenance list

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, on January 31, 2024, pursuant to a decision of the Tel Aviv Stock Exchange Ltd. (“**TASE**”), the Company’s shares were placed on the TASE maintenance list 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. In this context, it should be noted that concurrently with the publication of this report, the Company is publishing a notice announcing the convention of a general meeting whose agenda, among other things, will include authorizing the Company's board of directors to serve as the organ authorized to issue Company shares at a rate which will increase the rate of public holdings up to 5% of the outstanding share capital of the Company, and to limit or exclude the Company's shareholders' preemptive right. For more information see the general meeting convention report published concurrently with the publication of this report. For more information regarding the Company's shares being placed on the maintenance list, including the actions taken by the Company to date 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). The Company is continuously examining its options, including the required actions in order for the Company's shares to be restored on the TASE primary trading list.

2. **Section 1.1.3 of the periodic report: Material changes with the management of the Corporation's business affairs - Changes with the composition of the Company's board of directors**

2.1. 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 at the end of the Company's next general meeting.¹ 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 directors² and Mr. Thilo Ger Schmid was appointed to serve as chairman of the Company's board of directors.

2.2. On May 8, 2024, Mr. Hubertus Kobe was appointed to the Company's board of directors as a non-executive and non-external director.

2.3. On May 8, 2024, Mr. Ron Hadassi was appointed for a second three-year term as one

¹ 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.

² See the immediate report published by the Company on May 9, 2024 (Ref. No: 2024-01-045643) which is included herein by way of reference.

of the Company's external directors (non-executive director).³

2.4. On May 30, 2024, Mr. Hubertus Kobe announced his resignation from the Company's board of directors due to personal circumstances unrelated to the Company's activities.⁴

³ 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 See the immediate report published by the Company on June 2, 2024 (Ref. No: 2024-01-055564), included herein by way of reference.

3. **Section 1.1.4 of the periodic report: Material purchases, sales or transfers of properties not in the ordinary course of business**

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, Germany (the Grafental project). The transaction was completed on November 7, 2024, and the Company received the entire consideration for the sale of the land, totaling EUR 16.5 million, and was repaid a cash deposit totaling approximately EUR 7.9 million given as a security to the city of Dusseldorf. 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 reports published by the Company on May 26, 2024 (Ref. No: 2024-01-053814) and on November 10, 2024 (Ref. No: 2024-01-614682), which are included herein by way of reference.

4. **Section 1.1.5 of the periodic report: The Company's German property portfolio**

4.1. On October 24, 2024, the Company entered into a transaction for the sale of a commercial property in Ludwigsfelde, in consideration for approximately EUR 8.8 million (hereinafter in this section: the “**transaction**”). The property is pledged as security for a loan from a banking corporation totaling approximately EUR 6.5 million. Therefore, the net consideration to be received in cash upon completion of the transaction is anticipated to total approximately EUR 2.3 million. It should be noted that the Company recognized a profit of approximately EUR 0.6 million in its financial statements due to the completion of this transaction.

The Company's assessments regarding the transaction, including with respect to the anticipated date for it being completed, the timing and quantum of the sale proceeds, constitute forward-looking information, as such term is defined in the Securities Law, 1968 (the “Securities Law”), which is based on estates, forecasts, assumptions and information held by the Company as of the date of this report. These assessments may not at all eventuate or they may eventuate in a manner materially different to that assessed by the Company, as a result of facts not solely within the Company's control, inter alia, due to factors associated with third-parties, changes in the macro-economic environment in which the Company is operating and the manifestation of any of the risk factors specified in Section

22.1 of Chapter A of the periodic report.

4.2. For details regarding the sale of the Grafental property, see Section 3 above.

5. **Section 1.3 of the periodic report: Investments in the Corporation's capital and material transactions involving its shares**

The Company has been informed that on November 4, 2024, the Company's controlling shareholder, ADLER Real Estate AG ("ADLER") and the Company's second largest shareholder LEG Grundstücksverwaltung GmbH ("LEG"), entered into an agreement whereby ADLER would sell Company shares to LEG constituting 52.68% of the Company's outstanding and paid-up share capital (the "transaction" or the "agreement", as the case may be). Upon completing the first stage of the transaction, which to the best knowledge of the Company is anticipated for the beginning of 2025 ("completion date of the first stage"), LEG will hold 88.2% of the Company's outstanding and paid-up share capital. ADLER further undertook in the agreement to commit to a tender offer made by LEG with respect to the balance of Company shares owned by it, constituting 10.1% of the Company's outstanding and paid-up share capital (the "remaining shares"), if issued by LEG. If LEG does not issue a tender offer, as said, then LEG grants ADLER a put option with respect to ADLER's remaining shares, which ADLER can exercise at a future date agreed upon by the parties.

LEG will pay EUR 45 per share in consideration for ADLER's sale of Company shares, and LEG shall pay ADLER EUR 219 million in total for all of the Company shares owned by ADLER (62.78%), assuming the exercise of the aforementioned put option/performance of the tender offer. The Company further learned from a public announcement made by LEG on the matter, that the tender offer, including purchasing the remaining minority shares and delisting the Company's shares from trade, is expected to be performed within the months following the anticipated closing date (see the Company's immediate report dated November 5, 2024 (Ref. No: 2024-01-613935) hereby included by way of reference).

It should be clarified that the information presented above regarding LEG's performance of the tender offer, the anticipated completion date of the first stage and LEG's intentions regarding the period following the completion of this first stage, constitute forward-looking information, as defined in the Securities Law, and is based on information disclosed to the Company on the matter. These events may not occur or

may eventuate partially or differently or at other times than as specified above, due to circumstances not within the Company's control.

Payment of a change in control bonus to the CFO. For details regarding a change in control bonus payable to Mr. Edelman, the Company's CFO and Deputy CEO, due the execution of the aforementioned transaction (in two payments, in accordance with the payment conditions of the bonus), see Section 3.1 under Regulation 21 of Chapter D of the periodic report.

Implications of the change in control on the Company's bonds If the transaction is completed in accordance with the terms and conditions specified above, and if the Company chooses to not perform voluntary early repayment of the bonds prior to completing the transaction and if the bondholders' consent is not received for the change in control of the Company pursuant to the provisions of the trust deeds, the bondholders will have grounds to accelerate Bonds (Series B, C and D). For details see Section 4.1(b) of the board report.

Change in control provisions in the financing agreements that the Group members are party to. Some of the financing agreements that the group members are party to include change in control provisions common in these kinds of agreements. Due to the aforementioned engagement, as part of which, and subject to its completion, there will be a change in control in the Company, the Company is acting to obtain the approval of the financing entity for the change in control pursuant to the provisions of the relevant financing agreements.

6. **Section 1.8: Residential property segment - The Company's residential project in the Gerresheim neighborhood**

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).

It should be clarified that the aforesaid fall within the confines of forward-looking information as this term is defined in the Securities Law, which is based, inter alia, on the current circumstances and the Company's assessments concerning the status of the

negotiations with the municipality of Düsseldorf. There is no certainty that the Company will obtain approval of the land plans or whether the Company will realize the business plan to sell any of its properties, and if so, when and under which conditions such plan will be achieved, since the realization of all of the above is subject to factors beyond the Company's control, including changes in the real estate and capital markets, and is also subject to receiving the approvals of third parties unrelated to the Company.

7. **Section 1.11.2 of the periodic report: Human capital - The Company's office holders and members of the senior management**

Concurrently with the publication of this report, the Company is publishing a notice for the convention of a general meeting whose agenda, among other things, will include approving the granting of letters of indemnity to the Company's current and/or future office holders and directors, in which the Company's controlling shareholder has a personal interest, in language identical to the letters of indemnity given to the Company's other office holders, and granting a release to the Company's current and/or future officers and directors, including office holders serving on behalf of the controlling shareholder, or office holders in which the controlling shareholder has a personal interest, for any liability to the Company for damages caused to the Company due to an act or omission of the officer in their role at the Company, or in their capacity as an officer, employee or service provider of an affiliated company, due to a breach of their duty of care, other than breach of their duty of care with a distribution or in a decision or transaction of an officer in which the Company's controlling shareholder or any of the Company's other officers (including an officer granted a release) has a personal interest. For more details, see said general meeting convention report.

8. **Section 1.12 of the periodic report: Financing**

8.1. 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 the board report below.

On July 10, 2024, the Company completed an issuance of Bonds (Series D) through expanding the existing series. The issuance was performed at a premium - whereby, the Company received total financial proceeds totaling approximately ILS

158,700,000 for the issuance of par value of ILS 150,000,000.

8.2. 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 from the controlling shareholder ADLER and amendment (lowering) of the interest rate applicable to the loan, as follows:

- a. On June 3, 2024, the Company repaid EUR 50 million on account of the principal of the loan (with a balance totaling EUR 75 million prior to the repayment). The maturity date for the balance of the loan principal, totaling EUR 25 million, remains at the end of 2024.
- b. 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.

On July 31, 2024, the Company's audit committee and board of directors approved the early repayment of the entire balance of the loan totaling approximately EUR 25 million. The entire balance of the credit provided by the controlling shareholder to the Company, as said, was repaid on August 7, 2024, and the Company thereby fully satisfied its obligations towards the controlling shareholder under said loan agreement.

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. For details regarding the aforementioned repayment of the loan, see the immediate report dated August 7, 2024 (Ref. No: 2024-01-080424) which is included herein by way of reference.

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 nine and three-month periods ended as of September 30, 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.

The Company shares in the deep pain of the families of the victims, IDF soldiers and defense personnel who have fallen in the “Swords of Iron” war, and it wishes the injured a speedy recovery and the safe return home of all IDF soldiers and hostages.

In this report below:

The “date of the report” or the “report date” - September 30, 2024.

The “execution date of the report” - November 26, 2024.

The “reported quarter” or the “reporting period” - Q3 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”), which is included in this report by way of reference.

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

1.1. Overview of the Company's activities and operations

As of the date of the report, the Company and its investees (hereinafter jointly: the “Group”) operate in the German property market.

Since January 1, 2024, due to the continued implementation of the Company's commercial strategy, including the Company's sale of properties over 2019-2023 (in this regard, see Section 1.1.4 of Chapter A of the 2023 annual report and Chapter A

of the 2022 annual report⁵), the Company's management (the CODM - the "chief operating decision maker"), only routinely reviews the income-generating property and property development operating segments 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 (as of the date of the report), which are immaterial to the Company and which collectively constitute approximately 2% 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 details regarding the sale of one of the Company's commercial properties subsequent to the date of the report, see Section 4.1 of the chapter "Changes and innovations in the Company's business affairs during and subsequent to the reporting period with the matters described in Chapter A to the periodic report" above.

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 8 to the financial statements attached to this report.

1.2. Principal data about the Company's properties by operating segment

For information concerning the breakdown of the Company's operating segments see Section 1.1 above.

- a. **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.
- b. **Development property** - 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 for which a

⁵ As published on March 31, 2023 (Ref. No: 2023-01-036915), which is included herein by way of reference.

building permit has already been obtained. For more information about the aforementioned land complexes see Sections 1.7 and 1.8 of Chapter A of the 2023 annual report. On May 24, 2024, the Company entered into an agreement to sell the land in Grafental located in the city of Dusseldorf for which building permits have not yet been received, for consideration totaling approximately EUR 16.5 million. For additional details regarding the completion of the sale of the land in Grafental subsequent to the date of the report, see Section 3 of the chapter “Changes and innovations in the Company’s business affairs during and subsequent to the reporting period with the matters described in Chapter A to the periodic report” above.

- c. **Others** - 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. It should be noted that subsequent to the date of the report, the Company entered into an agreement for the sale of a commercial property in Ludwigsfelde. For additional details, see Section 4.1 of the chapter “Changes and innovations in the Company’s business affairs during and subsequent to the reporting period with the matters described in Chapter A to the periodic report” above.

The Company continues 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.

1.3. Company’s principal operating results for the three-month period ended as of September 30, 2024

1.3.1. **The Company’s income-generating residential and property development segments and profitability:**

- *Income-generating residential property*: In Q3 2024 the NOI totaled approximately EUR 11.0 million compared with approximately EUR 10.5 million in the same quarter YoY. In addition, the Company's EBITDA in Q3 2024 totaled approximately EUR 7.8 million, compared with approximately

EUR 7.2 million in the same quarter YoY, and the Company's FFO totaled approximately EUR 4.6 million, compared with approximately EUR 4.2 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 6 below.

- There was an approximately 3.1% increase in same property rental fees in the residential income-generating property segment in Q3 2024 compared with the parallel quarter of 2023. As of the date of the report, the average rent is EUR 7.36 per sqm, and the rent in new leases in the residential market is approximately 7.6% higher than the Company's aforementioned current average rental fees.
- The occupancy rate in the residential income-generating property segment as of the date of the report amounts to approximately 97.5%.
- **Residential developments:** The Company did not recognize a profit or loss from the sale of apartments in 2024 due to the fact that the Company's development properties are not at the stage of construction in accordance with the Company's strategy.

Profitability: In Q3 2024 the net loss attributed to the Company's shareholders came to approximately EUR 4.9 million, compared with a loss of approximately EUR 4.5 million in the same quarter YoY.

1.3.2. **Primary operating data - Income-generating property operating segment**

Designation	Area (Sqm 000's)	Actual rental return	ERV ⁶	Actual NOI return ⁷	NOI return according to ERV	Occupancy rate
Residential	567	5.5%	5.9%	4.8%	5.2%	97.5%

1.3.3. **Balance sheet structure and financial solvency**

- a. **Equity and EPRA NTA:** As of the date of the report, the equity attributed to the Company's shareholders amounts to approximately EUR 517.7

⁶ “ERV” (Estimated Rental Value) - the anticipated annual yield assuming that all the properties are rented at the current occupancy rate at market rate.

⁷ The September 2024 data in annual terms divided by book value.

million, and EPRA NTA⁸ totals approximately EUR 667.1 million.

- b. LTV ratio: The LTV ratio⁹ amounts to approximately 43.0% as of the date of this report. It should be noted that the updated LTV is approximately 41.7% after completing the sale of the assets presented in the Company's balance sheet as assets held for sale.
- c. The EBITDA to interest coverage ratio solely for the income-generating portfolio amounts to approximately 2.75 in Q3 2024.
- d. Liquidity: Cash balances (consolidated) totaled approximately EUR 50.9 million as of the date of the report.
- e. Financing: As of the date of the report, the Company has bank loans totaling approximately EUR 343.5 million which are subject to average annual interest of 3.06% with an average lifetime of 5.19 years, as well as listed bonds totaling approximately EUR 208.2 million, which are subject to average ILS interest (linked to the index) of 4.69% and with an average lifetime of 2.4 years. For more information concerning the Company's financing sources and its liquidity see Section 4 below.

1.3.4. Grafenberg project costs (EUR 000's)

Costs invested	Costs invested	Q3 - 2024	Q2 - 2024	Q1 - 2024	2023
	Cumulative land costs by the end of the period	11,900	11,900	11,900	11,900
	Cumulative costs of development, taxes and fees	4,779	4,749	4,749	4,749
	Construction costs	-	-	-	-
	Cumulative financing costs (capitalized)	-	-	-	-
	Total cumulative costs	16,679	16,649	16,649	16,649

⁸ EPRA NTA - For information about the metric and its calculation see Section 6.2 of this report.

⁹ Net debt to total properties and inventory.

1.3.5. Gerresheim project costs (EUR 000's)

Costs invested	Costs invested	Q3 - 2024	Q2 - 2024	Q1 - 2024	2023
	Cumulative land costs by the end of the period	141,645	141,645	141,645	141,645
	Cumulative costs of development, taxes and fees	11,196	11,135	11,117	11,083
	Construction costs	-	-	-	-
	Cumulative financing costs (capitalized)	44,537	42,644	40,282	39,134
	Total cumulative costs	197,378	195,424	193,044	191,862

Part A - Explanations of the board of directors concerning the state of the Company's business affairs, its operating results, equity and cash-flows

2. Financial Position

Assets	As of 30 September 2024	As of 30 September 2023	As of 31 December 2023	Explanation for the change
Current assets	EUR 000's			
Cash and cash equivalents	50,943	60,779	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	47,433	34,830	47,734	
Accounts and other receivables for sale of apartments	242	254	251	
Tenants and trade receivables, net	1,446	2,433	2,331	
Assets of disposal groups held for sale	25,300	50,135	-	The balance is attributable to the classification of the land in Grafental and the commercial property in Ludwigsfelde as assets being held for sale. For details, see Sections 3 and 4 of the chapter "Changes and innovations in the Company's business affairs during and subsequent to the reporting period with the matters described in Chapter A to the periodic

Assets	As of 30 September 2024	As of 30 September 2023	As of 31 December 2023	Explanation for the change
				report” above.
<u>Total current assets</u>	125,364	148,431	92,843	
Non-current assets	EUR 000’s			
Investments in financial assets measured at fair value through profit or loss	4,508	4,508	4,508	
Land inventory	128,200	182,000	156,100	The decline stems from a decrease in the value of the inventory which resulted from a decrease in the valuations of the Company's lands. The decline is also attributable to the classification of the land in Grafental as being held for sale. For details, see Section 3 of the chapter “Changes and innovations in the Company’s business affairs during and subsequent to the reporting period with the matters described in Chapter A to the periodic report” above.
Investment property - rights in land	29,200	-	30,200	
Investment property - income-generating properties	900,738	956,821	928,810	The decline is attributable to the impairment in value of properties according to appraisals received from external appraisers during the period. For more information see Note 6 to the Company's consolidated financial statements.
Deposits restricted for investment in properties	8,544	7,724	8,038	
Accounts receivable, debit balances and other financial assets	4,921	163	7,524	
Deferred taxes	-	288	-	
<u>Total non-current assets</u>	1,076,111	1,151,504	1,135,180	
<u>Total assets</u>	<u>1,201,475</u>	<u>1,299,935</u>	<u>1,228,023</u>	

Liabilities	As of 30 September 2024	As of 30 September 2023	As of 31 December 2023	Explanation for the change
Current liabilities	EUR 000's			
Current maturities of loans from banking institutions	53,109	8,743	20,631	The increase in the reporting period is primarily attributable to a loan totaling approximately EUR 33.5 million being classified as a short-term loan due to its maturity date being March 31, 2025. It should be noted that the Company has come to an agreement with the financing bank to extend the loan.
Current maturities of bonds	43,084	24,476	24,753	The increase in the reporting period is primarily attributable to the classification of the coupon payment for Bonds (Series C) of the Company totaling approximately EUR 40.2 million which is anticipated to be paid in July 2025.
Other financial liabilities	4,634	5,274	4,948	
Loan from the controlling shareholder	-	-	75,000	The decline is attributable to repayment of the shareholder loan to ADLER during the reporting period. For details, see Section 7.2 of the chapter "Changes and innovations in the Company's business affairs during and subsequent to the reporting period with the matters described in Chapter A to the periodic report" above.
Accounts payable, credit balances and other liabilities	20,262	28,207	25,126	
Current tax liabilities	451	861	127	
Liabilities of disposal groups held for sale	6,500	10,209	-	
Total current liabilities	128,040	77,770	150,585	
Non-current liabilities	EUR 000's			
Loans from banking institutions	283,700	343,362	329,178	The decline in the reporting period is primarily attributable to a loan totaling approximately EUR 33.5 million being

Liabilities	As of 30 September 2024	As of 30 September 2023	As of 31 December 2023	Explanation for the change
				classified as short-term due to its maturity date being March 31, 2025. It should be noted that the Company has come to an agreement with the financing bank to extend the loan.
Bonds	165,089	81,772	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 and also expanded the series in a scope totaling approximately ILS 158 million. For details, see Section 7.1 of the chapter “Changes and innovations in the Company’s business affairs during and subsequent to the reporting period with the matters described in Chapter A to the periodic report” above.
Other financial liabilities	23,238	23,402	21,249	The balance primarily derives from the value of the derivative hedging the Company’s bonds from changes in the EUR/ILS exchange rate as well as from increases in Israeli CPI.
Deferred taxes	68,445	76,366	71,015	
Total non-current liabilities	540,472	599,902	499,197	
Total liabilities	668,512	677,672	649,782	
Equity				
Equity attributable to the shareholders of the Company	517,668	605,311	562,394	
Minority interests	15,295	16,952	15,847	
Total equity	532,963	622,263	578,241	
Total liabilities and equity	<u>1,201,475</u>	<u>1,299,935</u>	<u>1,228,023</u>	

3. Operating Results

	For the nine-month period ended 30 September		For the three-month period ended 30 September		For the year ended 31 December	Explanation for the change
	2024	2023	2024	2023	2023	
	EUR 000's					
Revenues from property rentals	36,712	37,250	12,276	12,440	49,776	The decline in the Company's property rental income is attributable to the sale of the property portfolio in the city of Hamm in December 2023. It is important to note that if this decline is neutralized, the Company presented an increase of approximately EUR 0.7 million in property rental income compared with the same period YoY, due to an increase of in rental fees from like-for-like properties.
Revenues from property management	18,063	18,131	6,009	5,369	24,530	
Property management expenses	(18,022)	(17,575)	(5,900)	(5,392)	(24,207)	
Cost of maintenance of rental properties	(4,797)	(6,608)	(1,401)	(1,944)	(8,142)	
Net rental and management revenues	31,956	31,198	10,984	10,473	41,957	
Revenues from selling apartments	-	-	-	-	-	The decline is attributable to an impairment in the value of the Company's land plots in 2023-2024 as well as the capitalization of financing costs in these years.
Cost of selling apartments	(17,358)	(34,343)	(1,954)	(2,193)	(61,377)	
Profit (loss) from selling apartments	(17,358)	(34,343)	(1,954)	(2,193)	(61,377)	
General and administrative expenses	(9,418)	(10,157)	(2,956)	(2,696)	(13,072)	
General and administrative expenses relating to land inventory	(840)	(1,176)	(184)	(334)	(1,404)	
Net decrease in value of investment properties	(26,660)	(85,379)	(4,617)	(2,990)	(111,687)	For more information see Part B below.
Profit (loss) before financing expenses	(22,320)	(99,857)	1,273	2,260	(145,583)	
Financing expenses excluding the	(12,668)	(7,368)	(3,982)	(2,925)	(10,062)	

	For the nine-month period ended 30 September		For the three-month period ended 30 September		For the year ended 31 December	Explanation for the change
	2024	2023	2024	2023	2023	
	EUR 000's					
impact of exchange rate and index changes and hedging transactions						
Impact of exchange rate and index changes and hedging and other transactions	(5,866)	(1,368)	(858)	(275)	(876)	
Change in fair value of financial instruments, credit and other losses	(1,627)	(3,256)	-	(3,256)	(3,226)	
Other revenues (expenses), net	(2,567)	(192)	(1,203)	(42)	(674)	
Profit (loss) before taxes on income	(45,048)	(112,041)	(4,770)	(4,238)	(160,421)	
Tax abatement (taxes on income)	(230)	10,063	(416)	(340)	14,421	
Net and total profit (loss) for the period	(45,278)	(101,978)	(5,186)	(4,578)	(146,000)	
Net and comprehensive profit (loss) attributable to:						
Shareholders of the Company	(44,726)	(100,421)	(4,889)	(4,519)	(143,338)	
Minority interests	(552)	(1,557)	(297)	(59)	(2,662)	

4. Sources of financing, liquidity and cash-flows

	For the nine-month period ended 30 September		For the three-month period ended 30 September		For the year ended 31 December	Explanation for the change
	2024	2023	2024	2023	2023	
	EUR 000's					
Cash-flows from operating activities	10,899	16,183	1,061	8,463	16,576	See the cash-flow report.
Cash-flows from investment activities	(9,994)	7,221	(2,496)	(1,985)	(955)	See the cash-flow report.
Cash-flows from financing activities	7,511	(175,150)	(21,393)	(159,017)	(185,619)	See the cash-flow report.

4.1. 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 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 343.5 million which is subject to average interest of 3.06% with an average lifetime of 5.19. 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: As of the date of the report, the Company has listed bonds totaling approximately EUR 208.2 million, bearing an average ILS interest (linked to CPI) of 4.69%. On February 26, 2024, the Company completed the issuance of a new listed series of Bonds (Series D) in a scope of approximately ILS 360 million. On July 7, 2024, the Company completed an issuance of additional Bonds (Series D) by expanding the existing series. The issuance was performed at a premium - whereby, for the issuance of ILS 150,000,000 par value, the Company received financial proceeds totaling approximately ILS 158,700,000. For further details regarding said bond issuance, see Section 7.1 of the chapter "Changes and innovations in the Company's business affairs during and subsequent to the reporting period with the matters described in Chapter A to the periodic report" above.

It should be noted that in accordance with the provisions of the deeds of trusts for Bonds (Series B, C and D)¹⁰ of the Company (the “**trust deeds**” and the “**bonds**”, respectively), if the sale transaction of ADLER’s shares in the Company described above in Section 5 of the chapter “Changes and innovations in the Company’s business affairs during and subsequent to the reporting period with the matters described in Chapter A to the periodic report” (below in this section: the “**transaction**”) is completed in accordance with the terms and conditions known to the Company as of the publication date of the report (as described in the immediate report published by the Company on the matter)¹¹, ADLER will cease being the controlling shareholder of the Company, and therefore if the Company fails to make voluntary early repayment of the bonds prior to the completion of the transaction and if the bondholders’ consent is not received for the change in control of the Company pursuant to the provisions of the trust deeds, the bondholders will have the right to accelerate the bonds and/or enforce collateral.

It is clarified that as of the publication date of the report, the Company has no additional information substantiating any certainty that the aforementioned transaction will be completed and there is accordingly no certainty that ADLER will cease to be the Company’s controlling shareholder.

The information presented above with respect to the completion of the transaction and the resulting change in control of the Company which under particular circumstances (if the Company fails to perform voluntary early repayment of the bonds prior to completing the transaction and/or if the bondholder approval is not received for the change in control of the Company in accordance with the provisions of the trust deeds), constitutes forward-looking information, as defined under the Securities Law, and is based on the information currently known to the Company. These events

¹⁰ Section 26.4 of the deed of trust for Bonds (Series B) of the Company, signed and entered into by and between the Company and the trustee on May 23, 2012 (as amended from time to time); Section 26.4 of the deed of trust for Bonds (Series C) of the Company, signed and entered into by and between the Company and the trustee on May 23, 2012 (as amended from time to time) and Section 24.5 of the deed of trust for Bonds (Series D) of the Company, signed and entered into by and between the Company and the trustee on February 26, 2024.

¹¹ Company’s immediate report dated November 5, 2024 (Ref. No: 2024-01-613935), which is included herein by way of reference.

may not occur or may eventuate partially or differently or at other times than as specified above, due to circumstances not within the Company's control.

- c) Loan from the controlling shareholder: On August 7, 2024, the Company repaid the entire outstanding balance of credit provided by the controlling shareholder to the Company, **whereby, as of the date of the report, the Company has no outstanding balance to the controlling shareholder.** For more information about the aforementioned loan, see Section 1.12.6.2 of Chapter A of the 2023 annual report. For details regarding the aforementioned loan repayment, see Section 7.2 of the chapter “Changes and innovations in the Company's business affairs during and subsequent to the reporting period with the matters described in Chapter A to the periodic report” above.
- d) Sale of properties: To finance its operating activities and to satisfy its liabilities, over 2022-2024 the Company entered into and completed several transactions for the sale of the Company's properties, for a total asset value of approximately EUR 324.2 million, with the net consideration totaling approximately EUR 194.2 million being received in cash. For more information regarding transactions for the sale of the land in Grafental, Dusseldorf, as well as the sale of a commercial property in Ludwigsfelde, recently completed by the Company, see Sections 3 and 4 of the chapter “Changes and innovations in the Company's business affairs during and subsequent to the reporting period with the matters described in Chapter A to the periodic report” above. 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 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 Real Estate GmbH (“**ADLER**”) is the Company's controlling shareholder, *inter alia*, as follows:

- a. Over the course of 2023-2024 and as of the publication date of the report, a significant improvement in the Company's access to bank financing has been apparent, among other things, seen in the Company's success with re-financing its loans. In addition, the Company has access to the Israeli capital markets which was seen in the high level of bondholder responsiveness to the issuance of Bonds (Series D) in February 2024 and the expansion of Bonds (Series D) in July 2024, and is also seen in the fact that the rating agency S&P Maalot updated the Company's rating outlook from negative to stable in September 2024 and placed the Company's ratings on a watchlist with a positive outlook in November 2024 (see the Company's immediate reports published on September 17, 2024, and November 10, 2024 (Ref. No: 2024-01-603955, and 2024-01-614849, respectively), hereby included by way of reference.
- b. In addition, it should be noted that in April 2023, the ADLER group (“ADLER”) came to an arrangement 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..
- c. Additionally, in May 2024, as an initial step, ADLER concluded a binding agreement with certain bondholders to implement its debt arrangement and capital plan, which include extending the maturity dates for the bonds until and subsequent to December 2028. In June 2024, as a second step and by way of consent solicitation, more than 90% of the bondholders who were present and voted for each series approved amending the terms and conditions and restrictions for the senior secured bonds issued by one of

ADLER's subsidiaries (AGPS BondCo PLC). Subsequently, in August 2024, ADLER's shareholders approved the proposed amendments to its articles of association, including authorizing the board of directors to issue specific voting securities (that exclude voting rights in respect of any decision relating to any declaration or payment of dividend, carry no dividend entitlement, no right to share in the Adler's profit and no right to share in any surplus in the event of Adler's liquidation) representing 75% of ADLER's total voting rights. In October 2024, these voting securities were issued in consideration for a contribution in industry (apport en industrie) to certain bondholders for participating in, and supporting, the implementation of ADLER's debt arrangement.

- d. The Company subsequently examined several different 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 Q3 2024).
- e. 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 implementing the Company's strategy which includes the additional sale of some of its 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.

5. Examination of warning signs

The Company's board of directors 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, as well as due to the fact that the Company's consolidated statements have a working capital deficit.

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 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) as well as the expansion of Bonds (Series D) in a scope of approximately ILS 158 million (for more information see Section 11.7 below) and the extent of the Company's access to the Israeli capital markets in 2024 and the Company's improved access to available sources of financing; (c) Completing the sale of the Grafental land (for more information see Section 3 in the chapter "Changes and innovations in the Company's business affairs during and subsequent to the reporting period with the matters described in Chapter A of the periodic report" above); (d) Completing the sale of the income-generating property portfolio in the city of Hamm (for more details see Section 7 below); (e) Entering into an agreement to sell a commercial property in Ludwigsfelde. (For additional details, see Section 4 of the chapter "Changes and

innovations in the Company's business affairs during and subsequent to the reporting period with the matters described in Chapter A to the periodic report" above). (f) The possibility to sell some of the Company's other properties and considering the Company's relatively low LTV ratio; (g) The advanced negotiations with banks to refinance existing loans (at lower interest); 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 Q3 2024).

It should further be noted with respect to the possibility that the transaction for the sale of ADLER's shares to LEG will be completed in accordance with the terms and conditions currently known to the Company,¹² and (a) if the Company chooses to perform voluntary early repayment of the bonds prior to completing the transaction, or alternatively (b) if said early repayment is not performed and if the bondholders' consent is not received for the change in control of the Company pursuant to the provisions of the trust deeds and thereby establishing grounds for the bondholders to accelerate Bonds (Series B, C and D)¹³, the board of directors believes that said early repayment/acceleration will not cause a liquidity issue for the Company, due to the alternate financing possibilities available to the Company, and in such an instance, the Company will apply for suitable bank financing.

Therefore, the Company's board of directors decided that, as of the report date, the Company has no warning signs.

¹² As described in Section 5 of the chapter "Changes and innovations in the Company's business affairs during and subsequent to the reporting period with the matters described in Chapter A to the periodic report" above.

¹³ In this regard, see the description in Section 4.1(b) above.

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

6.1. **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 September 30, 2024	For the three months ended on September 30, 2023	For the year ended December 31, 2023
Net profit (loss) attributed to the shareholders of the Company ¹⁴	(4,889)	(4,519)	(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	4,604	3,009	110,128

¹⁴ 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 September 30, 2024	For the three months ended on September 30, 2023	For the year ended December 31, 2023
Impairment of goodwill or negative goodwill	-	-	-
Purchase costs recognized in the statement of profit and loss (IFRS3R)	-	-	-
Change in fair value of financial assets	-	3,237	3,226
B. Adjustments for non-cash items			
Effects of measurement, exchange rate differentials and non-cash hedging transactions	2,594	542	1,564
Costs for deferred taxes and taxes for previous years	114	304	(15,174)
B. Adjustments for non-cash items			
One-time adjustments and others	(1,391)	(647)	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	166	300	1,262
Adjustments for impairment of land inventory	3,444	1,972	55,178
Total adjustments to the net profit	9,531	8,717	161,163
Nominal F.F.O. according to the management's approach (excluding index-related linkage expenses)	4,642	4,198	17,825
Adjustments arising from linkage to the index	-	-	(1,274)
Real F.F.O. according to the instructions of the Securities Authority	4,642	4,198	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.

6.2. **EPRA metrics - Net asset value (EUR 000's)**

The EPRA metrics are used 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.

The following is a calculation of the Company's EPRA metrics as of September 30, 2024:

	EPRA NRV	EPRA NTA	EPRA NDV
Equity attributed to the Company's shareholders	517.7	517.7	517.7
Plus deferred taxes for EPRA adjustments (minus)	71.9	71.9	-

	EPRA NRV	EPRA NTA	EPRA NDV
share attributable to minority interests)			
Neutralizing the fair value of net derivative financial instruments	22.4	22.4	-
Inventory revaluation ¹⁵	-	-	-
Plus Real Estate Transfer Taxes (RETT) and other acquisition costs	78.0	55.1	-
Fair value of nominal liabilities subject to fixed interest ¹⁶	-	-	19.3
Total	690.0	667.1	537.0

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

6.3. 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

¹⁵ The difference between fair value and book value

¹⁶ 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.

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.

6.4. **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 operating 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.

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

7.1. For details regarding change of operating segments, placement of the Company's shares on the maintenance list, changes to the composition of the Company's board of directors, sale of the land in Grafental, sale of a commercial property in the city of Ludwigsfelde, the controlling shareholder entering into a transaction to sell its Company shares, updates regarding the Company's properties and updates regarding the Company's financing, see the chapter "Changes and innovations in the Company's business affairs during and subsequent to the reporting period with the matters described in Chapter A to the periodic report" above.

7.2. The sale of residential properties in the city of Hamm was completed on December 15, 2023, according to a property valuation of approximately EUR 24.0 million. The Company received an advance payment from a buyer that same day totaling approximately EUR 0.8 million. The sale was performed through a "share transaction", and in January 2024 the Company received the outstanding consideration for the transaction, totaling approximately EUR 13.6 million. 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.

7.3. On August 26 and 27, 2024, the Company's audit committee and board of directors respectively approved to accept the proposal made by ADLER, the controlling shareholder, to enter into a transaction, whereby the Company will sell ADLER 4,870,891 shares of Consus Real Estate AG ("**Consus**") which are held by it at a price of EUR 0.01 per share. It should be noted that the Company's audit committee and board of directors approved for the Company (without the directors appointed on behalf of the controlling shareholder participating in the vote) to advance the transaction, *inter alia*, considering the fact that the transaction is consistent with the Company's strategy to focus its operations by selling properties (particularly when dealing with a property which does not generate income and which is not anticipated to generate any foreseeable profit for the Company), and in light of the fact that the Company has written off its investment in Consus in its books, and the Company is therefore not anticipated to record a loss due to the sale as part of the transaction, and the transaction is also not in any event anticipated to materially impact the Company's earnings, assets or liabilities. On November 7, 2024, the Company and ADLER signed

the aforementioned share purchase agreement (the “**agreement**”), whereby, pursuant to the provisions of the agreement, the shares were transferred to ADLER and the consideration, totaling approximately EUR 49,000, was transferred in full by the Company. For more information see the immediate reports published by the Company on August 28, 2024 (Ref. No: 2024-01-090072) and November 10, 2024 (Ref. No: 2024-01-614662), hereby included by way of reference.

- 7.4. For more information regarding material events and changes in the reporting period and as of the publication date of the report, see Note 4 to the financial statements.

Part B - Disclosure regarding material and very material appraisals and material appraisers

The appraisals of the Company's residential income-generating property assets were performed by CBRE Appraisers who are the leading appraisers in the German market in the field of real estate services. The assets appraised by CBRE constitute 75% of the total assets on the Company's balance sheet. During the reporting period the Company recognized a loss from the impairment of residential income-generating property assets mostly resulting from an increase in the capitalization/discount rates (caused, *inter alia*, by interest rate changes) during the reporting period.

During the reporting period there was an increase of approximately 0.1% in the capitalization/discount rates used to measure the fair values of some of the Company's investment properties in the residential income-generating segment due to a change in market conditions in the relevant period. This resulted in a decline in the fair value of the residential income-generating properties and a loss of approximately EUR 26.7 million was recognized from the change in fair value of the Company's income-generating properties.

It should be noted that the appraisals of the Company's development properties were performed by NAI APOLLO Appraisers. The assets appraised by NAI APOLLO constitute 13% of the total assets on the Company's balance sheet. During the reported period the Company recognized a loss from the impairment of development property assets mostly resulting from an increase in the capitalization/discount rates (caused, *inter alia*, as a result of an increase in the interest rates and the inflation), as well as from an increase in building costs during the reported period.

For more information concerning the major assumptions underlying the appraisals of the Company's assets, see Note 6 to the Company's consolidated financial statements attached as Chapter C to this report.

The appraisals of material investment properties assets^{17, 18} were not attached to this report since they are “material” but not “very material” appraisals.¹⁹ A condensed overview of the data from the above-mentioned appraisals is provided below. The appraisal of the land inventory was not attached to this

¹⁷ As defined in the Report Regulations.

¹⁸ As defined in the Report Regulations.

¹⁹ As defined in the Report Regulations.

report according to the provisions of Regulation 8B(g) of the Report Regulations, since it is a “very material”²⁰ appraisal made in connection with inventory balances.

Identifying the subject of the appraisal	The timing of the appraisal (Effective date)	Engagement date with the appraiser and the reason for commissioning the appraisal	The value of the subject of the appraisal shortly before the appraisal date (if generally accepted accounting principles, including depreciation and deductions, did not require to change its value according to the appraisal) (EUR 000's):	The value of the subject of the appraisal which was determined according to the appraisal (EUR 000's)	Identifying the appraiser and its characteristics including education, experience in making appraisals for accounting purposes for reporting corporations in scopes similar to or exceeding those of the reported appraisal and dependence on the company requesting the appraisal, including reference to indemnity agreements with the appraiser	The appraisal model used by the appraiser	The assumptions underlying the appraisal, according to the appraisal model				
							Capitalization/ discount rate Exit cap rate	Growth rate	Terminal value (EUR 000's)	Prices used as a basis for the comparison	Several comparison bases
Residential portfolio in Bremen	Effective date: June 30, 2024	Engagement date: June 24, 2024 Reason for commissioning the appraisal: Accounting purposes	74,860	73,840	CBRE Michael Schlatterer (MRICS, RICS Registered valuer) Independent appraisers experienced with appraising assets in similar scopes. Without an indemnity agreement, excluding indemnity for liabilities arising from incorrect or inaccurate information provided to it by the Company.	Discounted cash-flow	4.59%	1.50% - 2.00%	95,720	Comparison transactions including price per sqm for similar properties	CBRE's database of signed rental agreements with respect to approximately 261 apartments in the vicinity of the property.

²⁰ As defined in the Report Regulations.

Identifying the subject of the appraisal	The timing of the appraisal (Effective date)	Engagement date with the appraiser and the reason for commissioning the appraisal	The value of the subject of the appraisal shortly before the appraisal date (if generally accepted accounting principles, including depreciation and deductions, did not require to change its value according to the appraisal) (EUR 000's):	The value of the subject of the appraisal which was determined according to the appraisal (EUR 000's)	Identifying the appraiser and its characteristics including education, experience in making appraisals for accounting purposes for reporting corporations in scopes similar to or exceeding those of the reported appraisal and dependence on the company requesting the appraisal, including reference to indemnity agreements with the appraiser	The appraisal model used by the appraiser	The assumptions underlying the appraisal, according to the appraisal model				
							Capitalization/ discount rate Exit cap rate	Growth rate	Terminal value (EUR 000's)	Prices used as a basis for the comparison	Several comparison bases
Residential portfolio in Kiel	Effective date: June 30, 2024	Engagement date: June 24, 2024 Reason for commissioning the appraisal: Accounting purposes	76,870	76,180	CBRE Michael Schlatterer (MRICS, RICS Registered valuer) Independent appraisers experienced with appraising assets in similar scopes. Without an indemnity agreement, excluding indemnity for liabilities arising from incorrect or inaccurate information provided to it by the Company.	Discounted cash-flow	4.29%	1.75%-2.50%	103,884	Comparison transactions including price per sqm for similar properties	CBRE's database of signed rental agreements with respect to approximately 80 apartments in the vicinity of the property.
Residential portfolio in Velbert	Effective date: June 30, 2024	Engagement date: June 24, 2024 Reason for commissioning the appraisal: Accounting purposes	61,490	60,580	CBRE Michael Schlatterer (MRICS, RICS Registered valuer) Independent appraisers experienced with appraising assets in similar scopes. Without an indemnity agreement, excluding indemnity for liabilities	Discounted cash-flow	4.25%	1.35%-2.00%	78,312	Comparison transactions including price per sqm for similar properties	CBRE's database of signed rental agreements with respect to approximately 40 apartments in the

Identifying the subject of the appraisal	The timing of the appraisal (Effective date)	Engagement date with the appraiser and the reason for commissioning the appraisal	The value of the subject of the appraisal shortly before the appraisal date (if generally accepted accounting principles, including depreciation and deductions, did not require to change its value according to the appraisal) (EUR 000's):	The value of the subject of the appraisal which was determined according to the appraisal (EUR 000's)	Identifying the appraiser and its characteristics including education, experience in making appraisals for accounting purposes for reporting corporations in scopes similar to or exceeding those of the reported appraisal and dependence on the company requesting the appraisal, including reference to indemnity agreements with the appraiser	The appraisal model used by the appraiser	The assumptions underlying the appraisal, according to the appraisal model				
							Capitalization/ discount rate Exit cap rate	Growth rate	Terminal value (EUR 000's)	Prices used as a basis for the comparison	Several comparison bases
					arising from incorrect or inaccurate information provided to it by the Company.						vicinity of the property.
Residential portfolio in Dortmund	Effective date: June 30, 2024	Engagement date: June 24, 2024 Reason for commissioning the appraisal: Accounting purposes	49,340	48,360	CBRE Michael Schlatterer (MRICS, RICS Registered valuer) Independent appraisers experienced with appraising assets in similar scopes. Without an indemnity agreement, excluding indemnity for liabilities arising from incorrect or inaccurate information provided to it by the Company.	Discounted cash-flow	3.74%	1.50% - 2.00%	63,784	Comparison transactions including price per sqm for similar properties	CBRE's database of signed rental agreements with respect to approximately 841 apartments in the vicinity of the property.

Identifying the subject of the appraisal	The timing of the appraisal (Effective date)	Engagement date with the appraiser and the reason for commissioning the appraisal	The value of the subject of the appraisal shortly before the appraisal date (if generally accepted accounting principles, including depreciation and deductions, did not require to change its value according to the appraisal) (EUR 000's):	The value of the subject of the appraisal which was determined according to the appraisal (EUR 000's)	Identifying the appraiser and its characteristics including education, experience in making appraisals for accounting purposes for reporting corporations in scopes similar to or exceeding those of the reported appraisal and dependence on the company requesting the appraisal, including reference to indemnity agreements with the appraiser	The appraisal model used by the appraiser	The assumptions underlying the appraisal, according to the appraisal model				
							Capitalization/ discount rate Exit cap rate	Growth rate	Terminal value (EUR 000's)	Prices used as a basis for the comparison	Several comparison bases
Residential portfolio in Hannover	Effective date: June 30, 2024	Engagement date: June 24, 2024 Reason for commissioning the appraisal: Accounting purposes	57,100	56,650	CBRE Michael Schlatterer (MRICS, RICS Registered valuer) Independent appraisers experienced with appraising assets in similar scopes. Without an indemnity agreement, excluding indemnity for liabilities arising from incorrect or inaccurate information provided to it by the Company.	Discounted cash-flow	3.66^	1.50%-2.00%	73,309	Comparison transactions including price per sqm for similar properties	CBRE's database of signed rental agreements with respect to approximately 385 apartments in the vicinity of the property.
Land for construction in Gerresheim, Düsseldorf	Effective date: June 30, 2024	Engagement date: July 8, 2024 Reason for commissioning the appraisal: Accounting purposes	141,700	128,200	NAI APOLLO Stefan Mergen; Dr. Peter Stark Independent appraisers experienced with appraising assets in similar scopes. Without an indemnity agreement, excluding indemnity for liabilities arising from incorrect or	Residual value	N/A	N/A	781,600 (estimated value upon the completion of the project)	N/A	N/A

Identifying the subject of the appraisal	The timing of the appraisal (Effective date)	Engagement date with the appraiser and the reason for commissioning the appraisal	The value of the subject of the appraisal shortly before the appraisal date (if generally accepted accounting principles, including depreciation and deductions, did not require to change its value according to the appraisal) (EUR 000's):	The value of the subject of the appraisal which was determined according to the appraisal (EUR 000's)	Identifying the appraiser and its characteristics including education, experience in making appraisals for accounting purposes for reporting corporations in scopes similar to or exceeding those of the reported appraisal and dependence on the company requesting the appraisal, including reference to indemnity agreements with the appraiser	The appraisal model used by the appraiser	The assumptions underlying the appraisal, according to the appraisal model				
							Capitalization/ discount rate Exit cap rate	Growth rate	Terminal value (EUR 000's)	Prices used as a basis for the comparison	Several comparison bases
					inaccurate information provided to it by the Company.						

Part C - Designated Disclosure to Bondholders

8. 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 Report Regulations?	No	Yes	Yes
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	July 10, 2024
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	510,000
Par value as of September 30, 2024 (ILS 000's)	16,984	275,640	510,000
Linked par value as of September 30, 2024 (ILS 000's)	19,820	317,257	528,457
Accrued interest plus linkage differentials (ILS 000's) as of September 30, 2024	200	2,514	4,351
Value in the financial statements as of September 30, 2024 (ILS 000's), including interest payable	20,273	323,282	527,925
Value on TASE as of September 30, 2024 (ILS 000's)	19,797	320,569	546,210
Type and rate of interest	4.04% (annual linked at a fixed rate), subject to adjustments in the event	4.05% (annual linked at a fixed rate), subject to adjustments in the event of	5.05% (annual linked at a fixed rate), subject to adjustments in the event

	Bonds (Series B)	Bonds (Series C)	Bonds (Series D)
	of changes in the rating of the Bonds (Series B) 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. ^{21 22}	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.	of changes in the rating of the Bonds (Series D) and/or failure to comply with the financial covenants.
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.

²¹ 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**”).

²² 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% (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 'ilBBB-' and of downgrading the Company's bonds to 'ilBBB+', 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)
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 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 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 Bonds (Series C) as decided by the Company's board of directors. For more information see Section 2.8.15 of the shelf prospectus.	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 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

For details regarding the possibility that in the event that the sale transaction of ADLER's shares in the Company described above in Section 5 of the chapter "Changes and innovations in the Company's business affairs during and subsequent to the reporting period with the matters described in Chapter A to the periodic report" is completed in accordance with the terms and conditions known to the Company as of the publication date of the report, the bondholders will have the right to accelerate the bonds and/or enforce collateral if the Company fails to make voluntary early repayment of the bonds prior to the completion of the transaction and/or if the bondholders' consent is not received for the change in control of the Company pursuant to the provisions of the trust deeds, see Section 4.1(b) above.

9. 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

10. Ratings

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.

On July 9, 2024, S&P Maalot announced that it had issued a rating of 'ilBBB+' for the issuance of bonds of up to ILS 150 million par value, for more information see the immediate report dated July 9, 2024 (Ref. No: 2024-01-070824) hereby included by way of reference.

On September 17, 2024, S&P Maalot announced that it had updated the Company's rating forecast to stable due to an improvement in its liquidity profile. For more information see the immediate report published on September 17, 2024 (Ref. No: 2024-15-603955) which is included herein by way of reference.

On November 10, 2024, S&P Maalot announced that the Company's ratings were being placed on a watchlist with a positive outlook due to the transaction for the sale of the control of the Company. For more information see the immediate report dated November 10, 2024 (Ref. No: 2024-01-614849) which is included herein by way of reference.

Bond Series	B	
Name of the rating company	Maalot	
	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

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

Bond Series	C	
Name of the rating company	Maalot	
	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 on watchlist.
March 2022	ilAA	ilAA-, negative outlook on watchlist.
April 2022	ilAA	ilAA-, negative outlook on watchlist.
May 2022	ilA	ilA-, negative outlook on watchlist.
September 2022	ilBBB+	ilBBB-, negative outlook on watchlist.
July 2023	ilBBB+	ilBBB-, negative outlook on watchlist.
September 2023 (Company's ratings being taken off a negative CreditWatch)	ilBBB+	ilBBB-, negative outlook on watchlist.
January 2024	ilBBB+	ilBBB-, negative outlook on watchlist.
February 2024	ilBBB+	ilBBB-, negative outlook on watchlist.
July 2024	ilBBB+	ilBBB-, negative outlook on watchlist.
September 2024	ilBBB+	ilBBB-, stable
November 2024	ilBBB+	ilBBB-, positive outlook on watchlist.
The rating of the issuer and the bonds as of the date of the report	ilBBB+	ilBBB-, positive outlook on watchlist.

Bond Series	D	
	Maalot	
Name of the rating company	Bond rating	Issuer's rating
The rating of the bonds and the issuer on the initial issuance date (February 2024)	ilBBB+	ilBBB-, negative outlook on watchlist.
July 2024	ilBBB+	ilBBB-, negative outlook on watchlist.
September 2024	ilBBB+	ilBBB-, stable
November 2024	ilBBB+	ilBBB-, positive outlook on watchlist.
The rating of the issuer and the bonds as of the date of the report	ilBBB+	ilBBB-, positive outlook on watchlist.

11. 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,²³ 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%²⁴:

The Company's equity attributed to the majority shareholders as of the end of the reporting period, namely, as of September 30, 2024, is EUR 517.7 million.

The net financial debt, according to the Company's standalone financial statements as of that date is EUR 164.0 million.

Therefore, the ratio between the Company's equity and the net financial debt according to the standalone reports as of the end of the reporting period, namely, as of September 30, 2024, is approximately 315.68%.

b. The ratio between the value of the pledged shares and the net debt shall not fall

²³ 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.

²⁴ The requirement to uphold the above ratio only applies to Bondholders of Series B.

below the base ratio (as defined below):

	With respect to Bondholders (Series B)	With respect to Bondholders (Series C)	With respect to Bondholders (Series D)
“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%.
The “ratio required to add collateral”	Ratio of the value of the pledged shares to net debt of 160%.	Ratio of the value of the pledged shares to net debt of 160%.	Ratio of the value of the pledged shares to net debt of 140%.
“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 September 30, 2024 and as of the execution date of the report:	35,300 shares	544,157 shares ²⁵	686,989 shares ²⁶
The total issued share capital of BGP as of September 30, 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 September 30, 2024 and as of the execution date of the report:	1.8%	27.5%	34.7%
BGP’s equity attributed to the shareholders according to the Company’s financial statements as of September 30, 2024 and as of the execution date of the report:	EUR 685,607 thousands		
The representative	EUR/ILS of 4.1524 and 3.9289, respectively		

²⁵ In Q2 2024, the Company released 80,000 shares pledged to Bondholders (Series B) and also released 250,000 shares pledged to Bondholders (Series C), in accordance with the terms and conditions of the deed of trust for the bonds, whereby the current number of pledged shares as of the cut-off date and as of the publication date of the report is 35,300 shares pledged in favor of Bondholders (Series B) and 544,157 shares pledged in favor of Bondholders (Series C).

²⁶ In July 2024, the Company pledged 241,989 additional shares in favor of Bondholders (Series D) as part of the expansion of the series and in accordance with the terms and conditions of the deed of trust.

	<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>
EUR/ILS exchange rate, as published by the Bank of Israel for September 30, 2024 and as of the execution date of the report:			
Value of the pledged shares as of September 30, 2024 and as of the execution date of the report:	ILS 50,800 thousands and ILS 48,066 thousands, respectively	ILS 783,096 thousands and ILS 740,946 thousands, respectively	ILS 988,646 and 935,432 thousands, respectively
Net debt as of September 30, 2024, and as of the execution date of the report:	ILS 20,020 thousands	ILS 319,770 thousands	ILS 532,808 thousands
Ratio between the value of the pledged shares to net debt as of September 30, 2024 and as of the execution date of the report:	Approximately 254% and 240%, respectively	Approximately 245% and 232%, respectively	Approximately 186% 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</u> <u>September 2024</u>	<u>As of the</u> <u>execution date of the report</u>
Minimum equity		EUR 150 million	EUR 190 million	EUR 325 million	Approximately EUR 517.7 million	Approximately EUR 517.7 million
Restrictions on dividend distributions *	Minimum equity	EUR 160 million	EUR 200 million	EUR 475 million	Approximately EUR 517.7 million	Approximately EUR 517.7 million
	Maximum cap ratio**	70%	70%	65%	48.43%	48.43%
	Minimum ratio between the value of the pledged shares and the	-	-	150%	See Table B above.	See Table B above.

		<u>With respect to Bondholders (Series B)</u>	<u>With respect to Bondholders (Series C)</u>	<u>With respect to Bondholders (Series D)</u>	<u>As of September 2024</u>	<u>As of the execution date of the report</u>
	net debt					
Maximum cap ratio**		75%	75%	72.5%	48.43%	48.43%

* 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	208,173
Financial liabilities of the subsidiaries	343,309
Less cash, cash equivalents and deposits	(50,943)
The net financial debt, consolidated	500,539
<u>The cap</u> ²⁷	
Equity including minority interests	532,963
The net financial debt, consolidated	500,539
The cap	1,033,502

Therefore **this ratio amounts to 48.43%** while according to the trust deeds for Series B and C this ratio should be lower than 75%.

²⁷“**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.

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	208,173
Financial liabilities of the subsidiaries	343,309
Less cash, cash equivalents and deposits	(53,791)
The net financial debt, consolidated	497,691
<u>The cap</u>	
Equity including minority interests	532,963
The net financial debt, consolidated	497,691
The cap	1,030,654

Therefore **this ratio amounts to 48.29%** while according to the trust deeds this ratio should be lower than 72.5% for Series D.

12. 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 ("**BGP**"), whose value in the Company's financial statements as of September 30, 2024 totals EUR 685.6 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).

In June 2024 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. Additionally, the Company requested the trustee for the Bonds (Series C) to release and delete the registered pledges securing the Company's obligations in connection with the Bonds (Series C), according to

the terms of the trust deed. The Company received a confirmation that the pledges had been deleted on July 15, 2024, and accordingly, in July 2024, it released 80,000 of the shares recorded to secure its obligations in connection with Bonds (Series B) and it also released 250,000 shares from the pledges recorded to secure its obligations in connection with Bonds (Series C).

In July 2024, the Company pledged 241,989 additional shares in favor of Bondholders (Series D) as part of the expansion of the series and in accordance with the terms and conditions of the deed of trust.

Therefore, as of the date of the report and as of its publication date, 35,300, 544,157 and 686,989 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.

13. 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).

Presented below are data as of September 30, 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 reviewed by the Company's auditor.

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

Data as of September 30, 2024 (EUR 000's)	The Company on a consolidated basis	Assets/ liabilities of the pledged investee	Asset/ liabilities of non-pledged corporations
Total assets	1,201,475	1,137,290	64,185
Current assets	125,364	61,179	64,185
Non-current assets	1,076,111	1,076,111	-
Total liabilities	668,512	436,388	232,124
Current liabilities	128,040	78,763	49,277
Non-current liabilities	540,472	357,625	182,847
Minority interests	15,295	15,295	-
Total equity attributable to shareholders of the Company	517,668	685,607	(167,939)
Percentage of assets of the total assets on the balance sheet	100%	95%	5%
Percentage of liabilities of the total liabilities on the balance sheet	100%	65%	35%
Percentage of equity of the total equity on the balance sheet	100%	132%	(32%)

Signatories' names

Positions

Signature

Mr. Thilo Schmid

Chairman of the board
of directors

Mr. Thierry Beaudemoulin

CEO

Date: November 26, 2024

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

Consolidated Statements of Financial Position of BGP B.V.

	As of 30 September		As of 31
	2024	2023	December
	EUR 000's		2023
<u>Current assets</u>			
Cash and cash equivalents	11,628	16,560	22,386
Restricted deposits, financial assets and other debit balances	27,435	34,651	47,612
Accounts and other receivables for sale of apartments	242	254	251
Tenants and trade receivables, net	1,446	2,433	2,331
Assets of disposal groups held for sale	25,300	50,135	-
Total current assets	66,051	104,033	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
Land inventory	128,200	182,000	156,100
Investment property - rights in land	29,200	-	30,200
Investment property - income-generating properties	900,738	956,821	928,810
Deposits restricted for investment in properties	8,544	7,724	8,038
Accounts receivable, debit balances and other financial assets	4,921	163	7,524
Deferred taxes	-	288	-
Total non-current assets	1,076,111	1,151,504	1,135,180
Total assets	1,142,162	1,255,537	1,207,760

Consolidated Statements of Financial Position of BGP B.V

	As of 30 September		As of 31
	2024	2023	December
	EUR 000's		2023
<u>Current liabilities</u>			
Current maturities of loans from banking corporations	53,109	8,743	20,631
Accounts payable, credit balances and other liabilities	18,699	27,011	23,213
Current tax liabilities	451	861	127
Liabilities of disposal groups held for sale	6,500	10,209	-
Total current liabilities	78,759	46,824	43,971
<u>Non-current liabilities</u>			
Loans from banking corporations	283,700	343,362	329,178
Other financial liabilities	5,481	5,782	5,707
Deferred taxes	68,445	76,366	71,015
Total non-current liabilities	357,626	425,510	405,900
<u>Total liabilities</u>	436,385	472,334	449,871
<u>Equity attributable to Company's shareholders</u>			
Share capital	20	20	20
Premium on shares	119,830	122,710	142,712
Statutory capital reserve	236,495	283,336	256,729
Retained earnings	334,137	360,184	342,582
Total equity attributable to shareholders of the Company	690,482	766,250	742,043
Minority interests	15,295	16,953	15,846
Total equity	705,777	783,203	757,889
Total liabilities and equity	1,142,162	1,255,537	1,207,760

**Condensed interim consolidated statement of profit or loss and comprehensive profit of
BGP B.V.**

	For the nine-month period ended 30 September		For the three-month period ended 30 September		For the year ended 31 December
	2024	2023	2024	2023	2023
	(Unaudited)				(Audited)
	EUR 000's				
Revenues from property rentals	36,712	37,250	12,276	12,440	49,776
Revenues from property management	18,063	18,131	6,009	5,369	24,530
Property management expenses	(18,022)	(17,575)	(5,900)	(5,392)	(24,207)
Cost of maintenance of rental properties	(4,797)	(6,608)	(1,401)	(1,944)	(8,142)
Net rental and management revenues	31,956	31,198	10,984	10,473	41,957
Revenues from selling apartments	-	-	-	-	-
Cost of selling apartments	(17,358)	(20,680)	(1,954)	(4,046)	(46,726)
Profit (loss) from selling apartments	(17,358)	(20,680)	(1,954)	(4,046)	(46,726)
General and administrative expenses	(5,137)	(7,837)	(263)	(2,111)	(12,293)
General and administrative expenses relating to land inventory	(840)	(1,176)	(184)	(334)	(1,404)
Profit (loss) before revaluing investment properties	8,621	1,505	8,583	3,982	(18,466)
Decrease in value of investment properties	(26,660)	(85,379)	(4,617)	(2,990)	(111,687)
Profit (loss) before financing expenses	(18,039)	(83,874)	3,966	992	(130,153)
Financing expenses	(8,395)	(7,164)	(2,754)	(2,822)	(10,079)
Other revenues (expenses), net	(2,567)	(192)	(1,203)	(43)	(674)
Profit (loss) before taxes on income	(29,001)	(91,230)	9	(1,873)	(140,906)
Tax abatement (taxes on income)	(230)	10,063	(416)	(340)	14,421
Total net and comprehensive profit (loss) for the period	(29,231)	(81,167)	(407)	(2,213)	(126,485)
<u>Net and comprehensive profit (loss) attributable to:</u>					
Shareholders of the Company	(28,680)	(79,612)	(111)	(2,156)	(123,823)
Minority interests	(551)	(1,555)	(296)	(57)	(2,662)
	(29,231)	(81,167)	(407)	(2,213)	(126,485)
Net profit (loss) per share attributable to the Company's shareholders (EUR) - Basic and diluted	(1.45)	(4.02)	(0.01)	(0.11)	(6.26)

Condensed interim consolidated statement of cash-flows of BGP B.V

	For the nine-month period ended 30 September		For the three-month period ended 30 September		For the year ended 31 December
	2024	2023	2024	2023	2023
	(Unaudited)				(Audited)
	EUR 000's				
<u>Cash-flows from operating activities</u>					
Loss for the period	(29,231)	(81,167)	(407)	(2,213)	(126,485)
Adjustments required to present cash-flows from operating activities:					
Adjustments to the profit or loss items:					
Financing expenses, net	8,396	6,387	2,754	2,043	9,300
Decline in fair value of financial instruments	-	779	-	779	779
Net decrease in value of investment properties	26,660	85,379	4,617	2,989	111,687
Tax expenses, net	230	(10,063)	416	1,912	(14,421)
	<u>35,286</u>	<u>82,482</u>	<u>7,787</u>	<u>7,723</u>	<u>107,345</u>
Cash-flows from operating activities before changes in operating asset and liability line- items	<u>6,055</u>	<u>1,315</u>	<u>7,380</u>	<u>5,510</u>	<u>(19,140)</u>
Changes in operating asset and liability line-items:					
Decrease (increase) in tenants and trade receivables, financial assets and other debit balances	7,955	(127)	(1,047)	158	246
Increase (decrease) in creditors and debit balances	(1,277)	3,195	1,073	(702)	(45)
	<u>6,678</u>	<u>3,068</u>	<u>26</u>	<u>(544)</u>	<u>201</u>
Net cash deriving from (utilized for) operating activities before activity with land assets and liabilities	12,733	4,383	7,406	4,966	(18,939)
Taxes on income paid	(1,890)	(823)	(568)	(97)	(2,139)
Decrease (increase) in inventory of land	<u>7,166</u>	<u>15,229</u>	<u>(1,820)</u>	<u>5,597</u>	<u>39,178</u>
Net cash deriving from operating activities	<u>18,009</u>	<u>18,789</u>	<u>5,018</u>	<u>10,466</u>	<u>18,100</u>

Condensed interim consolidated statement of cash-flows of BGP B.V

For the nine-month period ended 30 September		For the three-month period ended 30 September		For the year ended 31 December
2024	2023	2024	2023	2023
(Unaudited)				(Audited)
EUR 000's				

Cash-flows for investment activities

Investment in investment properties - income-generating properties	(6,070)	(5,498)	(2,272)	(1,924)	(7,675)
Investment in investment property - rights in land	(30)	(79)	(30)	-	(79)
Proceeds from the sale of investment properties net transaction costs	13,494	12,810	-	-	12,810
Net proceeds from the sale of consolidated companies	-	-	-	-	750
Net withdrawal (deposit) of restricted deposits	1,492	(1,037)	(817)	(378)	(8,256)
Interest received from deposits	1,118	1,025	621	318	1,495

Net cash deriving from (utilized for) investment activities	10,004	7,221	(2,498)	(1,984)	(955)
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Cash-flows for financing activities

Interest paid	(9,212)	(7,654)	(3,314)	(3,797)	(10,897)
Distribution and payment to minority shareholders	-	(10,000)	-	(10,000)	(10,000)
Receipt of long-term bank loans	-	4,868	-	-	4,868
Repayment of long-term bank loans	(6,677)	(14,352)	(2,153)	(2,194)	(16,779)
Net cash received from (paid to) the parent company	(22,882)	(159,843)	(23,043)	(34,849)	(139,842)

Net cash deriving from (utilized for) financing activities	(38,771)	(186,981)	(28,510)	(50,840)	(172,650)
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<u>Change in cash and cash equivalents</u>	(10,758)	(160,971)	(25,990)	(42,328)	(155,505)
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<u>Balance of cash and cash equivalents at beginning of period</u>	22,386	175,483	37,618	56,840	175,843
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Change in cash of disposal groups held for sale	-	2,048	-	2,048	2,048
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<u>Balance of cash and cash equivalents at end of period</u>	11,628	16,560	11,628	16,560	22,386
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BRACK CAPITAL PROPERTIES N.V.

***Condensed Interim Consolidated Financial
Statements***

As of September 30, 2024

(Unaudited)

BRACK CAPITAL PROPERTIES N.V.

Condensed Interim Consolidated Financial Statements

As of September 30, 2024

(Unaudited)

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

Introduction

We have reviewed the attached financial data for Brack Capital Properties N.V., including the condensed consolidated statement of financial position as of September 30, 2024, as well as the condensed consolidated statements of profit or loss, comprehensive profit, changes in equity and cash-flow for the nine and three month periods which ended on the same date. The board of directors and management are responsible for the preparation and presentation of financial data for this interim period, pursuant to International Accounting Standard IAS 34, "Interim Financial Reporting," and are also responsible for the preparation of financial data 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 data for this interim period, based on our review.

The condensed financial data of the Company as of September 30, 2023 and for the periods ended on the same date was reviewed by other auditors whose report on such statements dated November 23, 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 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 above financial data 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 data 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, November 26, 2024

Ziv Haft
Auditors

אילת	מודיעין עילית	קרית שמונה	בני ברק	רחובות	באר שבע	חיפה	ירושלים	תל אביב
08-6339911	08-9744111	077-8983322	073-7145300	03-6386788	077-7784100	04-8680600	02-6546200	03-6386868

משרד ראשי: בית אמות BDO, דרך מנחם בגין 48, תל אביב, 6618001 **דואר:** bdo@bdo.co.il **בקר באתר שלנו:** www.bdo.co.il

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BRACK CAPITAL PROPERTIES N.V.

Condensed interim consolidated statement of financial position

	As of 30 September		As of 31
	2024	2023	December
	(Unaudited)		(Audited)
	EUR 000's		
<u>Current assets</u>			
Cash and cash equivalents	50,943	60,779	42,527
Restricted deposits, financial assets and other debit balances	47,433	34,830	47,734
Accounts and other receivables for sale of apartments	242	254	251
Tenants and trade receivables, net	1,446	2,433	2,331
Assets of disposal groups held for sale	25,300	50,135	-
Total current assets	125,364	148,431	92,843
<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	128,200	182,000	156,100
Investment property - rights in land	29,200	-	30,200
Investment property - income-generating properties	900,738	956,821	928,810
Deposits restricted for investment in properties	8,544	7,724	8,038
Accounts receivable, debit balances and other financial assets	4,921	163	7,524
Deferred taxes	-	288	-
Total non-current assets	1,076,111	1,151,504	1,135,180
Total assets	1,201,475	1,299,935	1,228,023

November 26, 2024

Financial statements
approval date

Thilo Schmid
Chairman of the
Board of Directors

Thierry
Beaudemoulin
CEO

Eran Edelman
CFO and Deputy CEO

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

BRACK CAPITAL PROPERTIES N.V.

Condensed interim consolidated statement of financial position

	As of 30 September		As of 31
	2024	2023	December
	(Unaudited)		2023
			(Audited)
	EUR 000's		
<u>Current liabilities</u>			
Current maturities of loans from banking corporations	53,109	8,743	20,631
Current maturities of bonds	43,084	24,476	24,753
Other financial liabilities	4,634	5,274	4,948
Loan from a controlling shareholder	-	-	75,000
Accounts payable, credit balances and other liabilities	20,262	28,207	25,126
Current tax liabilities	451	861	127
Liabilities of disposal groups held for sale	6,500	10,209	-
Total current liabilities	128,040	77,770	150,585
<u>Non-current liabilities</u>			
Loans from banking corporations	283,700	343,362	329,178
Bonds	165,089	81,772	77,755
Loan from the controlling shareholder	-	75,000	-
Other financial liabilities	23,238	23,402	21,249
Deferred taxes	68,445	76,366	71,015
Total non-current liabilities	540,472	599,902	499,197
<u>Total liabilities</u>	668,512	677,672	649,782
<u>Equity attributable to Company's shareholders</u>			
Share capital	77	77	77
Premium on shares	144,237	144,237	144,237
Treasury shares	(746)	(746)	(746)
Other capital reserves	(531)	(531)	(531)
Statutory capital reserve	236,495	283,336	256,729
Retained earnings	138,136	178,938	162,628
Total equity attributable to shareholders of the Company	517,668	605,311	562,394
<u>Minority interests</u>	15,295	16,952	15,847
<u>Total equity</u>	532,963	622,263	578,241
Total liabilities and equity	1,201,475	1,299,935	1,228,023

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

BRACK CAPITAL PROPERTIES N.V.

Condensed interim consolidated statement of profit or loss and comprehensive profit

	For the nine-month period ended 30 September		For the three-month period ended 30 September		For the year ended 31 December
	2024	2023	2024	2023	2023
	(Unaudited)				(Audited)
	EUR 000's				
Revenues from property rentals	36,712	37,250	12,276	12,440	49,776
Revenues from property management	18,063	18,131	6,009	5,369	24,530
Property management expenses	(18,022)	(17,575)	(5,900)	(5,392)	(24,207)
Cost of maintenance of rental properties	(4,797)	(6,608)	(1,401)	(1,944)	(8,142)
Net rental and management revenues	31,956	31,198	10,984	10,473	41,957
Revenues from selling apartments	-	-	-	-	-
Cost of selling apartments	(17,358)	(34,343)	(1,954)	(2,193)	(61,377)
Loss from selling apartments	(17,358)	(34,343)	(1,954)	(2,193)	(61,377)
General and administrative expenses	(9,418)	(10,157)	(2,956)	(2,696)	(13,072)
General and administrative expenses relating to land inventory	(840)	(1,176)	(184)	(334)	(1,404)
Profit (loss) before revaluing investment properties	4,340	(14,478)	5,890	5,250	(33,896)
Decrease in value of investment properties	(26,660)	(85,379)	(4,617)	(2,990)	(111,687)
Profit (loss) before financing expenses	(22,320)	(99,857)	1,273	2,260	(145,583)
Financing expenses excluding the impact of exchange rate and index changes and hedging transactions	(12,668)	(7,368)	(3,982)	(2,925)	(10,062)
Impact of exchange rate and index changes and hedging and other transactions	(5,866)	(1,368)	(858)	(275)	(876)
Change in fair value of financial instruments, credit and other losses	(1,627)	(3,256)	-	(3,256)	(3,226)
Other revenues (expenses), net	(2,567)	(192)	(1,203)	(42)	(674)
Loss before taxes on income	(45,048)	(112,041)	(4,770)	(4,238)	(160,421)
Tax abatement (taxes on income)	(230)	10,063	(416)	(340)	14,421
Total net and comprehensive loss for the period	(45,278)	(101,978)	(5,186)	(4,578)	(146,000)
Net and comprehensive loss attributable to:					
Shareholders of the Company	(44,726)	(100,421)	(4,889)	(4,519)	(143,338)
Minority interests	(552)	(1,557)	(297)	(59)	(2,662)
	(45,278)	(101,978)	(5,186)	(4,578)	(146,000)
Net loss per share attributable to the Company's shareholders (EUR) - Basic and diluted	(5.79)	(12.99)	(0.63)	(0.58)	(18.54)

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

BRACK CAPITAL PROPERTIES N.V.

Condensed interim consolidated statement of changes in equity

	Equity attributable to Company's shareholders								
	Share capital	Premium on shares	Treasury shares	Other capital reserves	Statutory capital reserve	Retained earnings	Total	Minority interests	Total Share capital
	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 loss for the period	-	-	-	-	-	(44,726)	(44,726)	(552)	(45,278)
Classification per Dutch law	-	-	-	-	(20,234)	20,234	-	-	-
<u>Balance as of September 30, 2024</u> (unaudited)	<u>77</u>	<u>144,237</u>	<u>(746)</u>	<u>(531)</u>	<u>236,495</u>	<u>138,136</u>	<u>517,668</u>	<u>15,295</u>	<u>532,963</u>
<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 loss for the period	-	-	-	-	-	(100,421)	(100,421)	(1,557)	(101,978)
Classification per Dutch law	-	-	-	-	(67,620)	67,620	-	-	-
Distribution and payment to minority shareholders	-	-	-	-	-	-	-	(10,000)	(10,000)
<u>Balance as of September 30, 2023</u> (unaudited)	<u>77</u>	<u>144,237</u>	<u>(746)</u>	<u>(531)</u>	<u>283,336</u>	<u>178,938</u>	<u>605,311</u>	<u>16,952</u>	<u>622,263</u>

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

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 July 1, 2024</u> (unaudited)	77	144,237	(746)	(531)	240,381	139,139	522,557	15,592	538,149
Total net and comprehensive loss for the period	-	-	-	-	-	(4,889)	(4,889)	(297)	(5,186)
Classification per Dutch law	-	-	-	-	(3,886)	3,886	-	-	-
<u>Balance as of September 30, 2024</u> (unaudited)	<u>77</u>	<u>144,237</u>	<u>(746)</u>	<u>(531)</u>	<u>236,495</u>	<u>138,136</u>	<u>517,668</u>	<u>15,295</u>	<u>532,963</u>
<u>Balance as of July 1, 2023</u> (unaudited)	77	144,237	(746)	(531)	283,336	183,457	609,830	27,011	636,841
Total net and comprehensive loss for the period	-	-	-	-	-	(4,519)	(4,519)	(59)	(4,578)
Classification per Dutch law	-	-	-	-	-	-	-	-	-
Distribution and payment to minority shareholders	-	-	-	-	-	-	-	(10,000)	(10,000)
<u>Balance as of September 30, 2023</u> (unaudited)	<u>77</u>	<u>144,237</u>	<u>(746)</u>	<u>(531)</u>	<u>283,336</u>	<u>178,938</u>	<u>605,311</u>	<u>16,952</u>	<u>622,263</u>

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

BRACK CAPITAL PROPERTIES N.V.

Condensed interim consolidated statement of changes in equity

	Equity attributable to Company's shareholders								
	Share capital	Premium on shares	Treasury shares	Other capital reserves	Statutory capital reserve	Retained earnings	Total	Minority interests	Total Share capital
	EUR 000's								
Balance as of January 1, 2023 (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)
Balance as of December 31, 2023 (audited)	77	144,237	(746)	(531)	256,729	162,628	562,394	15,847	578,241

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

BRACK CAPITAL PROPERTIES N.V.

Condensed interim consolidated statement of cash-flows

	For the nine-month period ended 30 September		For the three-month period ended 30 September		For the year ended 31 December
	2024	2023	2024	2023	2023
	(Unaudited)				(Audited)
	EUR 000's				
<u>Cash-flows from operating activities</u>					
Loss for the period	(45,278)	(101,978)	(5,186)	(4,578)	(146,000)
Adjustments required to present cash-flows from operating activities:					
Adjustments to the profit or loss items:					
Financing expenses, net	7,589	7,820	(202)	6,404	7,105
Decline in fair value of financial instruments	-	779	-	779	779
Net decrease in value of investment properties	26,660	85,379	4,617	2,990	111,687
Tax expenses, net	230	(10,063)	416	1,912	(14,421)
	<u>34,479</u>	<u>83,915</u>	<u>4,831</u>	<u>12,085</u>	<u>105,150</u>
Cash-flows from operating activities before changes in operating asset and liability line-items	<u>(10,799)</u>	<u>(18,063)</u>	<u>(355)</u>	<u>7,507</u>	<u>(40,850)</u>
Changes in operating asset and liability line-items:					
Decrease (increase) in tenants and trade receivables, financial assets and other debit balances	8,080	(95)	(965)	77	334
Increase (decrease) in creditors and debit balances	<u>(1,295)</u>	<u>3,044</u>	<u>1,056</u>	<u>(877)</u>	<u>(180)</u>
	<u>6,785</u>	<u>2,949</u>	<u>91</u>	<u>(800)</u>	<u>154</u>
Net cash deriving from (utilized for) operating activities before activity with land assets and liabilities	(4,014)	(15,114)	(264)	6,707	(40,696)
Taxes on income paid	(1,890)	(823)	(568)	(96)	(2,139)
Decrease in land inventory	<u>16,803</u>	<u>32,120</u>	<u>1,893</u>	<u>1,852</u>	<u>59,411</u>
Net cash deriving from operating activities	<u>10,899</u>	<u>16,183</u>	<u>1,061</u>	<u>8,463</u>	<u>16,576</u>

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

BRACK CAPITAL PROPERTIES N.V.

Condensed interim consolidated statement of cash-flows

For the nine-month period ended 30 September		For the three-month period ended 30 September		For the year ended 31 December
2024	2023	2024	2023	2023
(Unaudited)				(Audited)
EUR 000's				

Cash-flows for investment activities

Investment in investment properties - income-generating properties	(6,070)	(5,498)	(2,272)	(1,924)	(7,675)
Investment in investment property - rights in land	(30)	(79)	(30)	-	(79)
Proceeds from the sale of investment properties net transaction costs	13,494	12,810	-	-	12,810
Net proceeds from the sale of consolidated companies (a)	-	-	-	-	750
Net withdrawal (deposit) of restricted deposits	(18,506)	(1,037)	(815)	(379)	(8,256)
Interest received from deposits	1,118	1,025	621	318	1,495
Net cash deriving from (utilized for) investment activities	(9,994)	7,221	(2,496)	(1,985)	(955)

Cash-flows for financing activities

Interest paid	(17,077)	(12,815)	(9,450)	(3,971)	(16,164)
Distribution and payment to minority shareholders	-	(10,000)	-	(10,000)	(10,000)
Payments of financial liability for exchange rate hedging	(3,869)	(11,335)	(3,869)	(11,335)	(11,335)
Receipt of long-term bank loans	-	4,868	-	-	4,868
Repayment of loan from the controlling shareholder	(75,000)	(75,000)	(25,000)	(75,000)	(75,000)
Net issuance of bonds	130,745	-	39,690	-	-
Repayment of bonds	(20,611)	(56,516)	(20,611)	(56,516)	(61,209)
Repayment of long-term bank loans	(6,677)	(14,352)	(2,153)	(2,195)	(16,779)
Net cash deriving from (utilized for) financing activities	7,511	(175,150)	(21,393)	(159,017)	(185,619)
<u>Change in cash and cash equivalents</u>	8,416	(151,746)	(22,828)	(152,539)	(169,998)
<u>Balance of cash and cash equivalents at beginning of period</u>	42,527	210,477	73,771	211,095	210,477
Change in cash of disposal groups held for sale	-	2,048	-	2,223	2,048
<u>Balance of cash and cash equivalents at end of period</u>	50,943	60,779	50,943	60,779	42,527

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

BRACK CAPITAL PROPERTIES N.V.

Condensed interim consolidated statement of cash-flows

For the nine-month period ended		For the three-month period ended		For the year ended
30 September		30 September		31 December
2024	2023	2024	2023	2023
(Unaudited)				(Audited)
EUR 000's				

(a) **Net proceeds from the sale of consolidated companies**

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) (*)
Less a loan given to the buyer for the sale of a consolidated company	-	-	-	-	(98)
	-	-	-	-	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 attached notes are an integral part of the condensed interim consolidated financial statements.

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.

On November 4, 2024, the Company’s controlling shareholder, ADLER Real Estate AG (“**ADLER**”) and the Company’s second largest shareholder LEG Grundstücksverwaltung GmbH (“**LEG**”), entered into an agreement whereby ADLER would sell Company shares to LEG constituting 52.68% of the Company’s outstanding and paid-up share capital (the “**transaction**” or the “**agreement**”, as the case may be). Upon completing the first stage of the transaction, anticipated for the beginning of 2025 (“**completion date of the first stage**”), LEG will hold 88.2% of the Company’s outstanding and paid-up share capital. ADLER further undertook in the agreement to commit to a tender offer made by LEG with respect to the balance of Company shares owned by it, constituting 10.1% of the Company’s outstanding and paid-up share capital (the “**remaining shares**”), if issued by LEG. If LEG does not issue a tender offer, as said, then LEG grants ADLER a put option with respect to ADLER’s remaining shares, which ADLER can exercise at a future date agreed upon by the parties.

LEG will pay EUR 45 per share in consideration for ADLER’s sale of Company shares, and LEG shall pay ADLER EUR 219 million in total for all of the Company shares owned by ADLER (62.78%), assuming the exercise of the aforementioned put option/performance of the tender offer. The Company further learned from a public announcement made by LEG on the matter, that the tender offer, including purchasing the remaining minority shares and delisting the Company’s shares from trade, is expected to be performed within the months following the anticipated closing date.

As of September 30, 2024, the Company has negative working capital of approximately EUR 2,676 thousands. The reason for the negative working capital during the reporting period is due to the classification of 2 bank loans (totaling approximately EUR 45.5 million) as short-term due to the fact that they mature within the next 12 months. However, the Company has concluded a refinancing agreement with the financing banks to extend the terms of these loans.

It should be noted that 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 said 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.

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 in the city of Dusseldorf which are at various stages of planning.

Additionally, as of the date of the report, 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 2% and approximately 2% of the Company's total assets and total revenues, respectively. It should be noted that subsequent to the date of the report the Company sold one of its commercial properties. See Note 4(8) below for details regarding the sale of the commercial property.

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).

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

- For details regarding the issuance and expansion of a new listed series of Bonds (Series D), see Note 4(2) and Note 4(5), respectively, below.
- For details regarding the sale of the land in Grafental, see Note 4(3) below.
- For details regarding the repayment of the loan from ADLER, the controlling shareholder, see Note 4(4) and Note 4(6) below.
- See Note 4(8) below for details regarding the sale of the commercial property in Ludwigsfelde.

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 September 30, 2024, and for the nine and three month periods ended on the same date (hereinafter - the “interim consolidated financial statements”) and were signed on November 26, 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 principal 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 for the Company is possible as of January 1, 2025, subject to 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 September 30, 2024		As of September 30, 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	209,768	213,509	107,098	101,438	104,248	101,411
Loans from banking corporations	337,035	320,505	352,577	317,676	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 September 30, 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	-	*(22,392)	-

(*) 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 22.4 million as of the date of the report.

	As of September 30, 2023		
	Level 1	Level 2	Level 3
	(Unaudited)		
	EUR 000's		

Assets:

Financial assets measured at fair value through profit or loss:

-	-	4,508
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Liabilities:

Financial liabilities for hedging the EUR/ILS exchange rate

-	(22,893)	-
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	As of December 31, 2023		
	Level 1	Level 2	Level 3
	(Audited)		
	EUR 000's		

Assets:

Financial assets measured at fair value through profit or loss:

-	-	4,508
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Liabilities:

Financial liabilities for hedging the EUR/ILS exchange rate

-	(20,490)	-
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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%. See section 5 for details regarding the expansion of the series.
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, totaling EUR 16.5 million, was received on November 7, 2024 (the "transaction closing day"). Furthermore, a cash deposit totaling approximately EUR 7.9 million, which was pledged as a security to the city of Dusseldorf (as part of the conditions for the city issuing building permits), was released that day, whereby, on the transaction closing day, the Company received an amount totaling approximately EUR 24.4 million. 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 - 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:
 - On June 3, 2024, the Company repaid EUR 50 million on account of the principal of the loan (with a balance totaling EUR 75 million prior to the repayment). 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 1.6% (instead of the 3-Months-Euribor + a margin of 3%), which shall apply retroactively as of January 1, 2024.

The other terms and conditions of the loan remained unchanged.

It should be noted that the repayment of part of the principal of the loan and the amendment of the interest rate amounted to a saving of approximately EUR 2.5 million in the Company's interest expenses in 2024. See section 6 for details regarding repayment of the balance of the loan.

5. On July 10, 2024, the Company completed an issuance of Bonds (Series D) through expanding

the existing series. The issuance was performed at a premium - whereby, the Company received total financial proceeds totaling approximately ILS 158,700,000 (excluding issuance costs) for the issuance of par value of ILS 150,000,000.

6. On August 7, 2024, the Company repaid the entire outstanding balance of credit provided by the controlling shareholder to the Company (totaling EUR 25 million as aforementioned), in accordance with the Company's undertaking under the loan agreement and amendments thereto. It is clarified that through said payment of EUR 25 million, the Company has effectively repaid the entire outstanding balance of the loan (principal and interest) and the Company has thereby satisfied its entire commitments to the controlling shareholder pursuant to the provisions of said loan agreement.
7. On August 26 and 27, 2024, the Company's audit committee and board of directors respectively approved to accept the proposal made by ADLER, the controlling shareholder, to enter into a transaction, whereby the Company will sell ADLER 4,870,891 shares of Consus which are held by it at a price of EUR 0.01 per share. It should be noted that the Company's audit committee and board of directors approved for the Company (without the directors appointed on behalf of the controlling shareholder participating in the vote) to advance the transaction, *inter alia*, considering the fact that the transaction is consistent with the Company's strategy to focus its operations by selling properties (particularly when dealing with a property which does not generate income and which is not anticipated to generate any foreseeable profit for the Company), and in light of the fact that the Company has written off its investment in Consus in its books, and the Company is therefore not anticipated to record a loss due to the sale as part of the transaction, and the transaction is also not in any event anticipated to materially impact the Company's earnings, assets or liabilities. On November 7, 2024, the Company and ADLER signed the aforementioned share purchase agreement (the "agreement"), whereby, pursuant to the provisions of the agreement, the shares were transferred to ADLER and the consideration, totaling approximately EUR 49,000 was received in full by the Company.
8. Subsequent to the date of the report, on October 24, 2024, the Company entered into a transaction for the sale of a commercial property in Ludwigsfelde, in consideration for approximately EUR 8.8 million (hereinafter in this section: the "transaction"). The property is pledged as security for a loan from a banking corporation totaling approximately EUR 6.5 million. Therefore, the net consideration to be received in cash upon completion of the transaction is anticipated to total approximately EUR 2.3 million. It should be noted that the Company recognized a profit of approximately EUR 0.6 million in its financial statements due to the completion of this transaction.

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 September 30, 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 September 30, 2024</u>	<u>As of December 31, 2023</u>
Investment properties - income-generating properties	8,800	-
Investment property - rights in land	-	-
Inventory of land	16,500	-
Cash and cash equivalents	-	-
Accounts receivable (customers) and other debit balances	=	=
	25,300	-
<u>Liabilities of disposal groups held for sale:</u>	<u>As of September 30, 2024</u>	<u>As of December 31, 2023</u>
Loans from banking corporations	6,500	-
Deferred taxes	-	-
Accounts payable and other credit balances	=	=
	6,500	-

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

Presentation in the statement of financial position

	<u>As of September 30, 2024</u>	<u>As of December 31, 2023</u>
Investment property - rights in land	29,200	30,200
Investment properties - income-generating properties	<u>900,738</u>	<u>928,810</u>
	929,938	959,010

Investment property is presented at fair value which has been determined based on an appraisal as of June 30, 2024, 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 June 30, 2024</u>	<u>As of December 31, 2023</u>
Discount rate (%) (*)	5.29	5.24
Cap rate (%) (*)	3.79	3.74
Long-term vacancy rate (%)	2.22	2.17
Monthly rental fee per sqm (EUR)	8.27	8.18

* 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 - LAND INVENTORY

As of September 30, 2024, inventory of land refers to the Gerresheim project in Dusseldorf, Germany. During the reporting period the Company recognized an impairment in inventory of land totaling approximately EUR 17.4 million deriving from a decline in the value of the land according to an appraisal as of June 30, 2024, received by the Company from external appraisers. The decline in the value of the land is primarily due to an increase in the Company's forecasted financing costs during construction of the project following an increase in market interest rates. Furthermore, another reason for the decline in the value of the land is an increase in the forecasted construction costs for the project.

NOTE 8 - 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, as of the date of the report, 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 2% and approximately 2% of the Company's total assets and total revenues, respectively).

	Income- generating residential property	Development property	Other	Total
	EUR 000's			
<u>For the nine-month period ended September 30, 2024</u>	<u>(Unaudited)</u>			
Revenues from property rentals	35,468	-	1,244	36,712
Revenues from property management	17,781	-	282	18,063
Property management expenses	(17,389)	-	(633)	(18,022)
Cost of maintenance of rental properties	(4,514)	-	(283)	(4,797)
Net rental and management revenues	31,346	-	610	31,956
Revenues from selling apartments	-	-	-	-
Cost of selling apartments	-	(17,358)	-	(17,358)
Loss from selling apartments	-	(17,358)	-	(17,358)
General and administrative expenses				(9,418)
General and administrative expenses relating to land inventory	-	(840)	-	(840)
Decrease in value of investment properties	(25,662)	(1,318)	320	(26,660)
Financing expenses, net				(20,161)
Other expenses, net				(2,567)
Loss before taxes on income				(45,048)

	Income- generating residential property	Development property	Other	Total
	EUR 000's			
<u>For the nine-month period ended September 30, 2023 (*)</u>	(Unaudited)			
Revenues from property rentals	35,975	4	1,271	37,250
Revenues from property management	17,715	6	410	18,131
Property management expenses	(17,184)	(76)	(315)	(17,575)
Cost of maintenance of rental properties	(4,013)	(43)	(2,552)	(6,608)
Net rental and management revenues	32,493	(109)	(1,186)	31,198
Revenues from selling apartments	-	-	-	-
Cost of selling apartments	-	(34,343)	-	(34,343)
Profit (loss) from selling apartments	-	(34,343)	-	(34,343)
General and administrative expenses				(10,157)
General and administrative expenses relating to land inventory	-	(1,176)	-	(1,176)
Net decrease in value of investment properties	(75,829)	(8,679)	(871)	(85,379)
Financing expenses, net				(11,992)
Other expenses, net				(192)
Loss before taxes on income				<u>(112,041)</u>

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

	Income- generating residential property	Development property	Other	Total
	EUR 000's			
<u>For the three-month period ended September 30, 2024</u>	(Unaudited)			
Revenues from property rentals	11,868	-	408	12,276
Revenues from property management	5,914	-	95	6,009
Property management expenses	(5,791)	-	(109)	(5,900)
Cost of maintenance of rental properties	(1,330)	-	(71)	(1,401)
Net rental and management revenues	10,661	-	323	10,984
Revenues from selling apartments	-	-	-	-
Cost of selling apartments	-	(1,954)	-	(1,954)
Profit (loss) from selling apartments	-	(1,954)	-	(1,954)
General and administrative expenses				(2,956)
General and administrative expenses relating to land inventory	-	(184)	-	(184)
Decrease in value of investment properties	(5,101)	(116)	600	(4,617)
Financing expenses, net				(4,840)
Other expenses, net				(1,203)
Loss before taxes on income				<u>(4,770)</u>

	Income- generating residential property	Development property	Other	Total
	EUR 000's			
For the three-month period ended September 30, 2023 (*)	(Unaudited)			
Revenues from property rentals	12,041	1	398	12,440
Revenues from property management	5,292	4	73	5,369
Property management expenses	(5,324)	(27)	(41)	(5,392)
Cost of maintenance of rental properties	(716)	(25)	(1,203)	(1,944)
Net rental and management revenues	11,293	(47)	(773)	10,473
Revenues from selling apartments	-	-	-	-
Cost of selling apartments	-	(2,193)	-	(2,193)
Profit (loss) from selling apartments	-	(2,193)	-	(2,193)
General and administrative expenses				(2,696)
General and administrative expenses relating to land inventory	-	(334)	-	(334)
Net decrease in value of investment properties	(2,990)	-	-	(2,990)
Financing expenses, net				(6,456)
Other expenses, net				(42)
Loss before taxes on income				(4,238)

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

	Income- generating residential property	Development property	Other	Total
	EUR 000's			
For the year ended December 31, 2023 (*)	(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	43,197	(124)	(1,116)	41,957
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				(160,421)

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

BRACK CAPITAL PROPERTIES N.V.

***Presentation of Financial Data from the Consolidated
Financial Statements
Attributed to the Company Itself***

As of September 30, 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

Introduction

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 September 30, 2024, and for the nine and three month periods 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 September 30, 2023 and for the periods ended on the same date were reviewed by other auditors whose audit opinion on such statements dated November 23, 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, November 26, 2024

**Ziv Haft
Auditors**

אילת	מודיעין עילית	קרית שמונה	בני ברק	רחובות	באר שבע	חיפה	ירושלים	תל אביב
08-6339911	08-9744111	077-8983322	073-7145300	03-6386788	077-7784100	04-8680600	02-6546200	03-6386868

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BRACK CAPITAL PROPERTIES N.V.

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

	As of 30 September		As of 31
	2024	2023	December
	(Unaudited)		(Audited)
	EUR 000's		
<u>Current assets</u>			
Cash and cash equivalents	39,315	44,219	20,141
Cash and cash equivalents in escrow	4,873	5,240	12,706
Restricted deposits, financial assets and other debit balances	19,997	179	122
Total current assets	64,185	49,638	32,969
<u>Non-current assets</u>			
Investment in an investee	685,607	761,009	729,336
Investment in a financial asset measured at fair value via the profit and loss	-	-	-
Total non-current assets	685,607	761,009	729,336
Total assets	749,792	810,647	762,305
<u>Current liabilities</u>			
Current maturities of bonds	43,084	24,476	24,753
Accounts payable, credit balances and other financial liabilities	6,193	6,468	6,861
Loan from the controlling shareholder	-	-	75,000
Total current liabilities	49,277	30,944	106,614
<u>Non-current liabilities</u>			
Bonds	165,089	81,772	77,755
Loan from the controlling shareholder	-	75,000	-
Financial liabilities	17,758	17,620	15,542
Total non-current liabilities	182,847	174,392	93,297
Total liabilities	232,124	205,336	199,911
<u>Equity</u>			
Share capital	77	77	77
Premium on shares	144,237	144,237	144,237
Treasury shares	(746)	(746)	(746)
Other capital reserves	(531)	(531)	(531)
Statutory capital reserve	236,495	283,336	256,729
Retained earnings	138,136	178,938	162,628
Total equity	517,668	605,311	562,394
Total liabilities and equity	749,792	810,647	762,305

November 26, 2024

Financial statements approval
date

Thilo Schmid
Chairman of the Board
of Directors

Thierry Beaudemoulin
CEO

Eran Edelman
CFO and Deputy CEO

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 nine-month period ended 30 September		For the three-month period ended 30 September		For the year ended 31 December
	2024	2023	2024	2023	2023
	(Unaudited)				(Audited)
	EUR 000's				
General and administrative expenses	(2,158)	(2,320)	(661)	(585)	(3,047)
Financing expenses, net	(13,887)	(14,123)	(4,118)	(7,297)	(12,105)
Company's share in profits (losses) of investees	<u>(28,681)</u>	<u>(83,978)</u>	<u>(110)</u>	<u>3,363</u>	<u>(128,186)</u>
Net and comprehensive loss	<u>(44,726)</u>	<u>(100,421)</u>	<u>(4,889)</u>	<u>(4,519)</u>	<u>(143,338)</u>

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 nine-month period ended 30 September		For the three-month period ended 30 September		For the year ended 31 December
	2024	2023	2024	2023	2023
	(Unaudited)				(Audited)
	EUR 000's				
<u>Cash-flows for the Company's operating activities</u>					
Net loss attributable to Company's shareholders	(44,726)	(100,421)	(4,889)	(4,519)	(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, net	8,831	13,957	781	6,281	13,313
Company's share in losses (profits) of investees	28,681	83,978	110	(3,363)	128,186
	37,512	97,935	891	2,918	141,499
Changes in the Company's asset and liability items:					
Decrease (increase) in receivables, debit and affiliated party balances	125	32	60	(82)	88
Increase (decrease) in accounts payable and credit and affiliated party balances	(18)	(151)	(17)	(175)	(135)
	107	(119)	43	(257)	(47)
Net cash used for Company's operating activities	(7,107)	(2,605)	(3,955)	(1,858)	(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	22,882	159,843	23,043	34,848	139,842
Net withdrawal (deposit) of restricted deposits	(20,000)	-	-	-	-
Net cash deriving from the Company's investment activities	2,882	159,843	23,043	34,848	139,842

BRACK CAPITAL PROPERTIES N.V.

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

	For the nine-month period ended 30 September		For the three-month period ended 30 September		For the year ended 31 December
	2024	2023	2024	2023	2023
	(Unaudited)				(Audited)
	EUR 000's				
<u>Cash-flows for the Company's financing activities</u>					
Interest paid	(7,866)	(5,162)	(6,136)	(175)	(5,265)
Net issuance of bonds	130,745	-	39,690	-	-
Payments of financial liability for exchange rate hedging	(3,869)	(11,335)	(3,869)	(11,335)	(11,335)
Repayment of loan from a controlling shareholder	(75,000)	(75,000)	(25,000)	(75,000)	(75,000)
Repayment of bonds	(20,611)	(56,516)	(20,611)	(56,516)	(61,209)
Net cash deriving from (utilized for) the Company's financing activities	23,399	(148,013)	(15,926)	(143,026)	(152,809)
<u>Change in cash and cash equivalents</u>	19,174	9,225	3,162	(110,036)	(14,853)
<u>Balance of cash and cash equivalents at beginning of period</u>	20,141	34,994	36,153	154,255	34,994
<u>Balance of cash and cash equivalents at end of period</u>	39,315	44,219	39,315	44,219	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.

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.