Chapter A - Description of the Corporation's business affairs

Part I - Description of the general development of the Corporation's business affairs

Definitions

For ease of reference, presented below are the definitions of the major terms used in this chapter:

The "Company", the "Corporation" or "BCP"	Brack Capital Properties N.V. (Brack Capital Properties N.V.)
The "Subsidiary" or "BGP"	Brack German Properties B.V., a private Dutch subsidiary wholly owned and controlled by the Company.
"BCP Group" or the "Group"	BCP, BGP and its subsidiaries.
The "Property Management Company"	RT Facility Management GmbH & Co. KG, a private German company, wholly owned and controlled by BCP, which employs the bookkeeping and finance, marketing, administrative and management personnel who manage the Company's income-generating commercial and income-generating residential properties and which is responsible for the management of the properties.
"**ADLER**" or the "**Company's former controlling shareholder**"	ADLER Real Estate GmbH.
NOI	The NOI metric is calculated based on the Company's net rental and management revenues. For details regarding how it is calculated, see the Company's profit and loss statement in the financial statements attached as Chapter C to this report.
"**LEG**" or the "**Company's current controlling shareholder**"	LEG Grundstücksverwaltung GmbH.
The "**Securities Law**"	The Israel Securities Law, 1968.
The "**Companies Law**"	The Israel Companies Law, 1999.
The **"reporting period"**	The period beginning on January 1, 2024 and ending on December 31, 2024
The **"date of the report"**	December 31, 2024.
The "execution date of the report"	March 20, 2025.

1.1. **The Group's activities and a description of the development of its business affairs**

1.1.1. Year of incorporation and form of incorporation

The Company was incorporated and registered as a private company (B.V.) on May 21, 2006 under the laws of the Netherlands as Brack Capital Properties B.V. On May 28, 2010, the Company changed its name to Brack Capital Properties N.V. and on the same day the Company became a public company (N.V.)[1]. On November 30, 2010, the Company published a prospectus under which it IPO'd its shares to the Israeli public and on December 7, 2010, its shares were listed on the Tel Aviv Stock Exchange Ltd.

On November 4, 2024, ADLER, the Company's then controlling shareholder, entered into an agreement with LEG, which at such time was the Company's second largest shareholder, for the sale of ADLER's shares in the Company to LEG, whereby, at the first stage, ADLER would sell LEG shares constituting 52.68% of the Company's issued and paid-up share capital (the "**first stage**"), and at the second stage ADLER undertook 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 issued and paid-up share capital, to be made at a price of at least EUR 45 per share (if made by LEG) (hereinafter in this section: the "**remaining shares**" and the "**transaction**", respectively). It was further agreed that if LEG does not issue a tender offer, as said, then LEG grants ADLER a put option with respect to the remaining shares.

Further to the foregoing, the first stage of the transaction, after which LEG holds 88.2% of the Company's issued and paid-up share capital and thereby became the Company's controlling shareholder, was completed on January 3, 2025.[2] Moreover, to the best of the Company's knowledge, according to a public announcement made

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[1] N.V. is a legal entity under Dutch law, with authorized share capital divided into transferable shares. The shareholders are not personally liable for the actions performed on behalf of the N.V. and are not liable for its losses beyond the amount which should be paid by them for their shares. The shares of a N.V. can be listed on a stock exchange.

[2] For additional details about the transaction, see the Company's immediate reports dated November 5, 2024 and December 10, 2024 (Ref. No: 2024-01-613935 and 2024-01-623426, respectively), hereby included in this report by way of reference. For further information about ADLER and LEG and their holdings in the Company subsequent to the completion of the first stage, as aforementioned, see the immediate report dated January 3, 2025 (Ref. No: 2025-01-001103), included in this report by way of reference.

by LEG on the matter, 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 completion of the first stage (and by January 1, 2026 at the latest).

It should further be noted that in January 2025, following the change of control in the Company described above, all of ADLER's rights deriving from its holdings in various property companies of the Company held by it prior to said change in control ended, and it ceased being party to the collaboration agreements which regulate the rights and obligations with respect to those property companies without any consideration whatsoever being paid by the Company to ADLER for said conclusion, this in agreement with the Company, the other minority shareholders and ADLER. For further details see section 4 under Regulation 22 in Chapter D of this report. For details regarding the examination of the impact of the acquisition of control transaction on measuring the fair value of the Company's properties, see Note 7(4) to the financial statements.

It should be clarified that the information presented above regarding LEG's performance of the tender offer, the minimum price in the tender offer and the final date for it to be performed, as well as with respect to LEG's intentions regarding the deadline to complete the acquisition of the Company's minority shares and for the Company's shares to delist, constitute forward-looking information, as defined in the Securities Law, and is based on information on the matter publicized by LEG and ADLER. 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.

1.1.2. <u>The Group's business affairs and its operating environment</u>

As of the date of the report, the Group members operate in the German real estate market in two primary operating segments: Income-generating residential property and land development/betterment in Düsseldorf (collectively: the "**Group's operating segments**").

1.1.3. <u>Material changes with the management of the Corporation's business affairs</u>

a. <u>Changes in the operating</u> segments: For details regarding a change to the Company's operating segments relative to the operating segments presented in the

Company's 2023 annual report, see section 1.2 below.

b. Changes to the composition of the Company's board of directors: For details concerning changes to the Company's board of directors during and subsequent to the reporting period, see section 6.6 of the board of directors report attached as Chapter B to this report.

c. Appointment of a new CEO: Mr. Thierry Beaudemoulin ceased serving as the Company's CEO on December 31, 2024, and on January 3, 2025, Mr. Volker Wiegel was appointed to serve as the Company's CEO.[3]

1.1.4. Material purchases, sales or transfers of properties not in the ordinary course of business

a. Completion of the sale of residential properties in the city of Hamm

On December 15, 2023, the Company completed the sale of residential properties in the city of Hamm according to a property valuation of approximately EUR 24.0 million (in this section: the "**sale**"). On the sale closing date, the Company received an advance payment from the buyer 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 sale, totaling approximately EUR 13.6 million. It should be noted that the Company recognized a profit of approximately EUR 0.7 million in its 2023 financial statements following the completion of this transaction.[4]

b. Completion of a transaction to sell land in Dusseldorf, Germany (the "**Grafental project**")

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 (in this section: the "**Grafental project**" and the "**agreement**"). The Grafental project sale transaction was completed on

[3] For details, see the immediate reports published by the Company on December 5 and 24, 2024 (Ref. No: 2024-01-626985 and 2024-01-622542, respectively) hereby included in this report by way of reference.

[4] For more information, see the immediate reports published by the Company on December 17, 2023 and January 16, 2024 (Ref. No: 2023-01-113755 and 2024-01-005842, respectively), included in this report by way of reference.

November 7, 2024. The Company received the entire consideration, totaling EUR 16.5 million, at closing of the transaction in accordance with the terms of the agreement, as well as being refunded the deposit the Company gave as a security to the City of Dusseldorf totaling EUR 7.9 million, EUR 24.4 million in total.[5]

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 Company's property portfolio. There is no certainty that the Company will successfully implement 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.

1.1.5. The Group's German property portfolio

As of the date of the report, the Company owns 34 income-generating properties in Germany (which include 31 income-generating residential properties) and 3 income-generating commercial properties. The Company also owns 2 land sites for residential development purposes in the city of Düsseldorf.

Presented below are details about the Group's income-generating property portfolio in Germany as of the date of the report:

[5]For more information, see the immediate reports published by the Company on May 26, 2024 and November 10, 2024 (Ref. No: 2024-01-053814 and 2024-01-614682), included in this report by way of reference, and section 1.7.2.9 below.

#	Property's name and location	General details about the property	Type of property (according to major use)	Date of purchase	Purchase cost (EUR 000's)	Fair value of the property as of December 31, 2024 (EUR 000's)	Fair value per sqm	Average rent per sqm[6]	Average rent per sqm under new leases[7]	Average rent per sqm in the area[8]	Occupancy rate[9]	NOI (EUR 000's)	LTV[10]
1.	LEG Residential Duisburg	A complex involving approximately 307 residential rental units with a total area of approximately 17 thousand sqm in a residential neighborhood in the city of Duisburg.	Income-generating residential	May 2007	19,338[11]	35,870	1,265	7.79	7.91	7.99	97.1%	1,814	40.0%

[6] The total annual rent from the property based on December/2024 as the basis relative to the value of the property as of December 31, 2024.In this context it should be noted that the rent upside based on new leases is calculated based on the difference between the average rent per sqm and the average rent per sqm under new leases.

[7] Average rent in the Company's properties vacated and re-occupied in the 6 months prior to the date of the report.

[8] Average rent in the area based on appraisal work by the Company's external appraisers (CBRE).

[9] It should be noted that the turnover rate with the properties ranges between 9.3%-11.9%.

[10] LTV presented for each property reflects the percentage of the loan for the entire property portfolio pledged under that loan. (For example: Properties 1-9 are pledged under the same loan, and therefore the LTV is calculated based on the entire portfolio).

[11] It should be noted that both properties (1,2) were purchased at the same time as part of the same transaction, have been and still are being held as of the date of the report by one property company (Brack Capital (Gelsenkirchen) GmbH & Co. Immobilien KG).

(*) The total annual rent from the property based on December/2024 as the basis relative to the value of the property as of December 31, 2024.

(**) Average rent in the Company's properties vacated and re-occupied in the 6 months prior to the date of the report.

(***) It should be noted that the Company is entitled to a certain percentage of the investors' share in the profit. The Company's share in the profit is therefore higher than its effective rate of holdings in the granddaughter companies.

#	Property's name and location	General details about the property	Type of property (according to major use)	Date of purchase	Purchase cost (EUR 000's)	Fair value of the property as of December 31, 2024 (EUR 000's)	Fair value per sqm	Average rent per sqm[6]	Average rent per sqm under new leases[7]	Average rent per sqm in the area[8]	Occupancy rate[9]	NOI (EUR 000's)	LTV[10]
2.	LEG Residential Gelsenkirchen	A complex involving approximately 299 residential rental units with a total area of approximately 18.3 thousand sqm in a residential neighborhood in the city of Gelsenkirchen.	Income-generating residential	May 2007			893	5.89	5.99	6.00	93.9%		
3.	Remscheid	Commercial center in the center of Remscheid located approximately 30km east of Düsseldorf. The property covers a total rental area of approximately 5 thousand sqm, and is mostly rented to a national supermarket chain under a long-term agreement.	Income-generating commercial	July 2007	5,143	1,920	5.18	5.18	N/A	N/A	70.2%	114	40.0%
4.	Neubrandenburg	A commercial center with an area of approximately 2.8	Income-generating commercial	August 2007	6,597	3,020	12.34	15.73	N/A	N/A	78.7%	323	40.0%

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		thousand sqm, including retail spaces on the lower floors and offices on the top floors. The property is located in the main pedestrian mall in the city of Neubrandenburg.											
5.	Ludwigsfelde	Commercial center combining mainly retail and offices with a rental area of approximately 8.7 thousand sqm, located on the main street of the city of Ludwigsfelde, approximately 30km south of Berlin.	Income-generating commercial	November 2007	13,711	[12]8,800	11.48	16.83	N/A	N/A	62.3%	725	40.0%
6.	LEG Oberhausen Residential Complex	Residential complex consisting of 477 residential units with a total	Income-generating residential	January 2008	18,109	27,600	712	4.91	4.84	6.25	98.1%	2,147	40.0%

[12] The commercial property in Ludwigsfelde was sold subsequent to the date of the report, in January 2025. For more information see Note 22(3) to the Company's consolidated financial statements attached to this report.

#	Property's name and location	General details about the property	Type of property (according to major use)	Date of purchase	Purchase cost (EUR 000's)	Fair value of the property as of December 31, 2024 (EUR 000's)	Fair value per sqm	Average rent per sqm[6]	Average rent per sqm under new leases[7]	Average rent per sqm in the area[8]	Occupancy rate[9]	NOI (EUR 000's)	LTV[10]
		area of approximately 38 thousand sqm, located in a residential neighborhood west of the center of Oberhausen. It should be noted that all residential units in this complex have been rented under controlled/affordable housing rent.											
7.	Velbert Residential Complex	A residential complex consisting of 718 residential rental units with an area of approximately 48 thousand sqm. The complex includes approximately 24 buildings, 3-8 stories each in the city of Velbert approximately 20km north east of Düsseldorf.	Income-generating residential	January 2010	22,795	60,770	1,265	6.46	6.95	7.00	99.4%	2,591	40.0%

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8.	Hannover Residential Complex	A residential complex consisting of 34 buildings entailing 566 residential rental units, with a total rentable area of approximately 27.6 thousand sqm in the city of Hannover located in north-west Germany.	Income-generating residential	September 2010	20,213	56,910	2,063	8.39	9.65	9.58	99.8%	2,516	40.0%
9.	Wuppertal	A complex of approximately 335 residential units in a rentable area of approximately 24.5 thousand aqm, in a residential neighborhood in the city of Wuppertal.	Income-generating residential	June 2012	14,200	32,730	1,335	6.78	7.45	7.50	98.5%	1,452	40.0%
10.	Leipzig am Zoo (located in the city of Leipzig)	A residential complex consisting of 459 residential units with an average area of 34 sqm per unit, with a total rentable	Income-generating residential	May 2013	13,555	32,520	2,093	10.31	11.65	11.00	98.0%	1,159	38.3%

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		area of approximately 15.3 thousand sqm.											
11.	Falcon - Dortmund (North Rhine Westphalia)	These properties are residential complexes known as the Falcon portfolio which consist of approximately 1,000 residential units with an average area of 52 sqm per unit. The total rentable area amounts to approximately 52 thousand sqm.	Income-generating residential	July 2013	13,711	[13]8,800	1,613	16.83	N/A	8.58	62.3%	1,218	36.9%
12.	Falcon - Duisburg (North Rhine Westphalia)		Income-generating residential	July 2013	18,109	27,600	1,237	4.91	4.84	7.16	98.1%	1,248	36.9%
13.	Falcon - Essen (North Rhine Westphalia)		Income-generating residential	July 2013	9,158	17,310	1,314	6.89	7.51	7.44	96.1%	932	36.9%
14.	Bremen and Bremerhaven	863 residential units (707 residential units in the city of Bremen and 156 residential units in the city of Bremerhaven) with an average area of 59 sqm per unit. The total rentable area	Residential	May 2014	34,645	73,670	1,402	7.59	8.02	9.44	98.8%	4,215	27.4%
15.	Bremerhaven		Residential	May 2014	5,387	10,397	787	5.58	6.49	6.22	87.6%	487	27.4%

[13] The commercial property in Ludwigsfelde was sold subsequent to the date of the report, in January 2025. For more information see Note 22(3) to the Company's consolidated financial statements attached to this report.

#	Property's name and location	General details about the property	Type of property (according to major use)	Date of purchase	Purchase cost (EUR 000's)	Fair value of the property as of December 31, 2024 (EUR 000's)	Fair value per sqm	Average rent per sqm[6]	Average rent per sqm under new leases[7]	Average rent per sqm in the area[8]	Occupancy rate[9]	NOI (EUR 000's)	LTV[10]
		amounts to approximately 51 thousand sqm. 181 residential units in the city of Bremerhaven with an average area of 73 sqm per unit. The total rentable area amounts to approximately 13 thousand sqm.											
16.	Göttingen	238 residential units in the city of Göttingen with an average area of 41 sqm per unit. The total rentable area amounts to approximately 9 thousand sqm.	Income-generating residential	May 2014	7,915	18,110	1,991	10.35	13.50	12.33	96.5%	874	27.4%
17.	Essen	91 residential units in the city of Essen with an average area of 54 sqm per unit. The total rentable area amounts to approximately 5 thousand sqm.	Income-generating residential	May 2014	3,361	6,060	1,515	7.13	7.10	8.04	86.0%	268	27.4%

#	Property's name and location	General details about the property	Type of property (according to major use)	Date of purchase	Purchase cost (EUR 000's)	Fair value of the property as of December 31, 2024 (EUR 000's)	Fair value per sqm	Average rent per sqm[6]	Average rent per sqm under new leases[7]	Average rent per sqm in the area[8]	Occupancy rate[9]	NOI (EUR 000's)	LTV[10]
18.	Dortmund-Marten (North Rhine Westphalia)	351 residential units with an average area of approximately 49 sqm per unit. The total rentable area amounts to approximately 17.2 thousand sqm.	Income-generating residential	October 2014	13,671	46,170							
19.	Dortmund-Waterloostr	173 residential units in the city of Dortmund with an average area of approximately 63 sqm per unit. The total rentable area amounts to approximately 11 thousand sqm.	Income-generating residential	October 2016	7,996	7,996	1,543	7.16	7.10	8.37	98.0%	2,011	28.1%
20.	Dortmund-Provinzialstr	32 residential units in the city of Dortmund with an average area of approximately 72 sqm per unit. The total rentable area amounts to approximately 2 thousand sqm.	Income-generating residential	June 2016	2,669	2,669							

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21.	Hannover and Krefeld	266 residential units (72 residential units in the city of Hannover and 194 residential units in the city of Krefeld) with an average area of approximately 69 sqm per unit. The total rentable area amounts to approximately 18.30 thousand sqm.	Income-generating residential	December 2014	14,892	28,230	1,543	7.92	8.92	8.75	99.7%	1,417	30.0%
22.	Kiel (I)	429 residential units in the city of Kiel with an average area of approximately 67 sqm per unit. The total rentable area amounts to approximately 29 thousand sqm.	Income-generating residential	June 2015	24,920	76,130	1,530	7.39	8.03	8.84	99.7%	3,251	32.3%
23.	Kiel (II)	296 residential units in the city of Kiel with an average area of approximately 69 sqm per unit. The total rentable area	Income-generating residential	March 2016	20,400								

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		amounts to approximately 21 thousand sqm.											
24.	Kiel (III)	288 residential units in the city of Kiel with an average area of approximately 75 sqm per unit. The total rentable area amounts to approximately 22 thousand sqm.	Income-generating residential	June 2016	35,370	49,330	2,280	9.98	11.05	11.75	98.8%	2,402	44.0%
25.	Lange-Laube	31 residential units and 14 commercial units in the city of Hannover. The total rentable area amounts to approximately 4 thousand sqm.	Income-generating residential	July 2016	8,029	11,300	2,617	12.82	11.24	8.75	100%	709	30.0%
26.	Essen	320 residential units in the city of Essen with an average area of approximately 66 sqm per unit. The total rentable area amounts to	Income-generating residential	June 2017	23,695	36,950	1,756	7.71	8.36	8.04	97.5%	1,636	27.4%

#	Property's name and location	General details about the property	Type of property (according to major use)	Date of purchase	Purchase cost (EUR 000's)	Fair value of the property as of December 31, 2024 (EUR 000's)	Fair value per sqm	Average rent per sqm[6]	Average rent per sqm under new leases[7]	Average rent per sqm in the area[8]	Occupancy rate[9]	NOI (EUR 000's)	LTV[10]
		approximately 21 thousand sqm.											
27.	Hannover Kronsberg	155 residential units in the city of Hannover with an average area of approximately 65 sqm per unit. The total rentable area amounts to approximately 10.2 thousand sqm. It should be noted that all residential units in this complex have been rented under controlled/affordable housing rent.	Income-generating residential	June 2017	18,239	22,170	2,162	8.35	10.51	10.00	100%	1,041	38.1%
28.	Magdeburg	190 residential units in the city of Magdeburg with an average area of approximately 70 sqm per unit. The total rentable area amounts to approximately 13.3 thousand sqm.	Income-generating residential	December 2017	19,147	18,810	1,350	6.94	7.05	7.45	93.8%	831	46.6%

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29.	605 residential units in the cities: Halle & Magdeburg, Leipzig,	605 residential units (223 residential units in the city of Leipzig, 242 residential units in the city of Magdeburg and 140 residential units in the city of Halle) with an average area of approximately 60 sqm per unit. The total rentable area amounts to approximately 36.1 thousand sqm.	Income-generating residential	November 2017	49,624	47,205	1,308	6.59	8.14	7.45	92.0%	2,077	46.6%
30.	165 residential units in the city of Leipzig	165 residential units with an average area of 60 sqm per unit. The total rentable area amounts to approximately 10 thousand sqm.	Income-generating residential	In Q2 and Q3 2017	15,231	17,273	1,707	6.69	7.90	7.93	98.2%	717	38.3%
31.	Neuss	16 residential units with an average area of approximately 68 sqm per unit. The total rentable area amounts to	Income-generating residential	March 2017	1,550	2,070	1,870	8.03	9.27	9.50	100%	87	N/A

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		approximately 1.1 thousand sqm.											
32.	Grafental WA07, Düsseldorf	113 residential units with an average area of approximately 78 sqm per unit. The total rentable area amounts to approximately 8.8 thousand sqm. The property was built by the Company (phase F of the Grafental project) and construction was completed in the beginning of 2020. It should be noted that all residential units in this complex have been rented under controlled/affordable housing rent.	Income-generating residential	Built by the company	26,081	29,100	3,300	8.45	9.60	14.00	100%	858	27.2%

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33.	Grafental WA12, Dusseldorf	204 residential units with an average area of approximately 72 sqm per unit. The total rentable area amounts to approximately 14.7 thousand sqm. The property was built by the Company (phase I of the Grafental project) and construction was completed in the beginning of 2022. It should be noted that most residential units in this complex have been rented under controlled/affordable housing rent.	Income-generating residential	Built by the company	51,118	56,200	3,823	11.00	11.00	14.00	100%	1,701	53.6%
34.	Aachen	83 residential units with an average area of approximately 73 sqm per unit. The total rentable area amounts to	Income-generating residential	Built by the company	20,390	15,700	2,587	7.18	7.00	11.00	100%	394	94.9%

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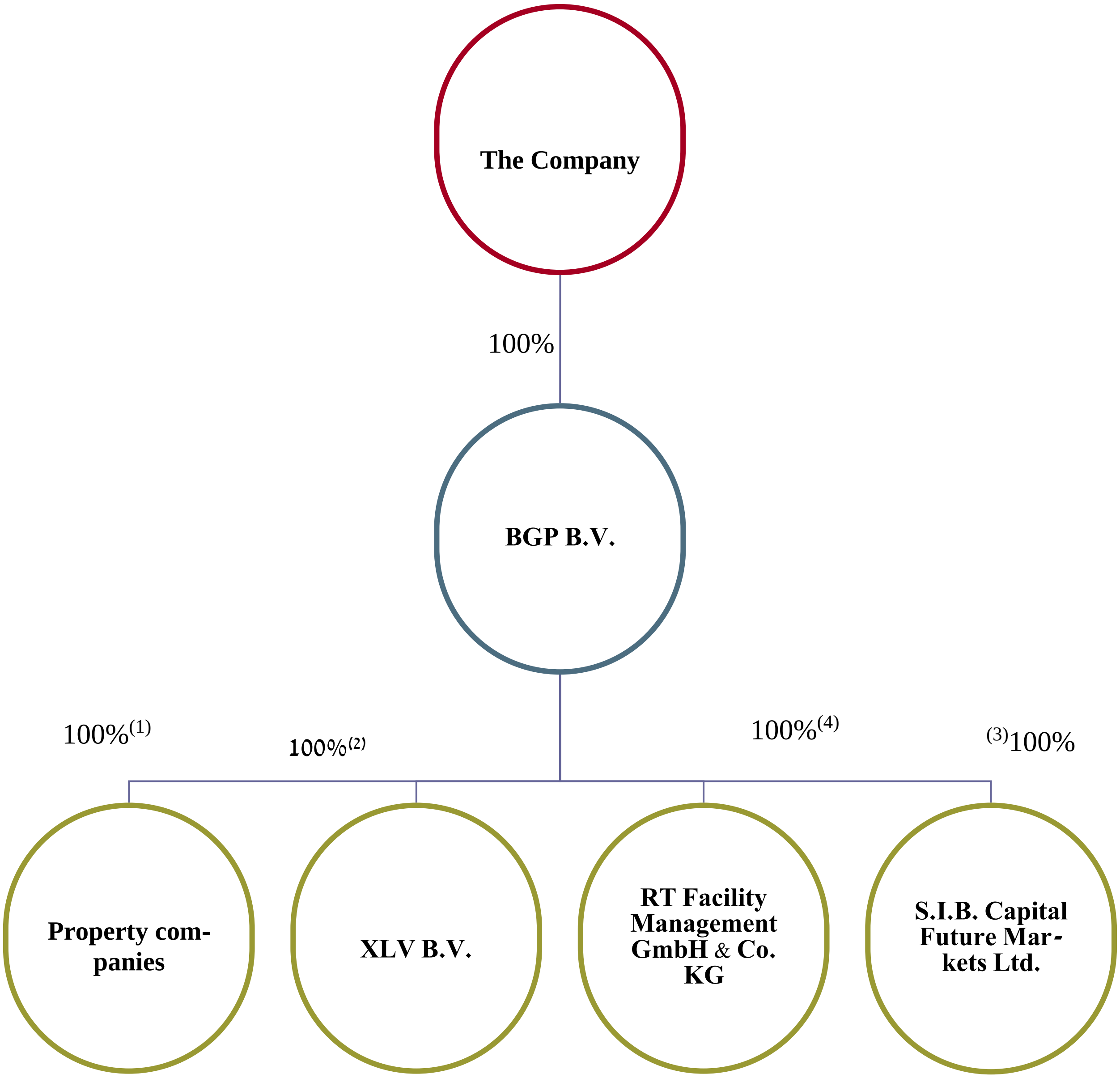
		approximately 6.1 thousand sqm. The property was built by the Company in the city of Aachen and construction was completed in the beginning of 2022. It should be noted that all residential units in this complex have been rented under controlled/affordable housing rent.											

Presented below is an aggregate description of the various land plots the subject of betterment and development activities by the Company

Complex name	Operating segment	Net building area (in sqm)	Classification in the financial statements	Company's share in the property (including indirect holdings)	Value in the financial statements as of December 31, 2024 (consolidated in EUR 000's)	Current purpose	Future purpose	No. of planned residential units	Reference to section
Grafenberg	Land betterment segment in Düsseldorf	12,778	Investment property - rights in land	100%	26,800	Residential land	Land for the construction of the Grafenberg project (85 residential units for sale with an area of approximately 12.8 thousand sqm).	85	Section 1.7.3.2 below
Gerresheim	Land betterment segment in Düsseldorf	Approximately 193,000	Land inventory	100%	104,200	Industrial/commercial	Mixed construction of residential and commercial properties, offices, schools and kindergartens.	Approximately 1,500 residential units and an additional area of approximately 40 thousand sqm for retail, offices, schools and kindergartens.	Section 1.7.3.1 below

1.1.6. Group's holding structure

Presented below is a diagram describing the Group's holding structure[14] as of December 31, 2024:



[14] Not including several "shelf" companies inactive as of December 31, 2024. It should be noted that where the Company (including through indirect holdings) holds between 89% to 100% of the property companies; and (b) the Company has the legal right to purchase the partner's shares at any time, these investments were presented according to a holding rate of 100%.

(1) 46 property companies. It should be noted that 24 property companies are private Dutch companies and 22 companies are German private companies or limited partnerships.

(2) Brack Capital Germany (Netherlands) XLV B.V. is the financing company of the property companies.

(3) S.I.B. Capital Future Markets Ltd. (hereinafter: "**S.I.B. Capital**" or "**S.I.B**") is an Israeli private company wholly owned by the Company (through a foreign granddaughter company wholly owned by it (indirectly through a holding structure). S.I.B. Capital employs three employees exclusively engaged in the Group's operations in Germany. The costs of their employment by S.I.B. (employer cost) are fully covered by the Company.

(4) The Property Management Company, see the definitions section above.

1.2. **The Group's operating segments**

The Company presented 4 different operating segments in its 2023 annual financial statements: Income-generating residential real estate, income-generating commercial real estate, land for betterment and residential development. These segments were presented in the periodic report as 3 operating segments - (1) The income-generating real estate segment (which included both income-generating residential and commercial segments), (2) The residential development segment and (3) The land betterment in Dusseldorf segment. Due to the continued implementation of the Company's commercial strategy, as of January 1, 2024, the Company decided to reclassify its operating segments into two operating segments which are presented below in this report as two operating segments, the income-generating residential property segment and the development property segment, as described below:

1.2.1. The income-generating residential property segment

The income-generating residential property segment includes, *inter alia*, the acquisition, development, betterment and rental of income-generating residential properties. As of the date of the report, the Group owns 31 residential complexes consisting, in total, of 9,307 apartments with a total rentable area of approximately 567 thousand sqm. All of the Group's residential properties are fully managed by it and are located in medium and large cities: (a) In the federal state of North Rhine Westphalia ("**NRW**") located in north-west Germany. (b) In the cities of Hannover, Bremen, Kiel and Guttingen located in north Germany; and (c) In the cities of Leipzig, Magdeburg and Halle located in eastern Germany. The occupancy rate of these income-generating properties, as of the date of the report, amounts to approximately 98%.

1.2.2. <u>The development property segment</u>

In this operating segment the Company is engaged in the acquisition, development and betterment of lands. In this context, the Company owns 2 land plots in a central location in the city of Düsseldorf, near/in proximity to the Company's "Grafental" project.

<u>Other activity which does not fall within the definition of an operating segment</u>: It should be noted that in addition to the income-generating residential properties mentioned above in section 1.2.1, as of the date of the report, the Company holds 3 income-generating commercial properties which are not material to the Company and which constitute approximately 1% of the Company's total assets and revenues, and subsequent to the date of the report the Company sold one of these properties (in this regard see Note 22(3) to the Company's consolidated financial statements attached to this report). In light of the foregoing and to provide a full picture, if there is relevant information about this activity, it will be presented under "income-generating property", while explicitly stating that it involves income-generating commercial property activity (and accordingly, if not specified otherwise, the information presented below under the "income-generating property" segment will only refer to the residential income-generating property activity). **This is done despite the fact that the commercial income-generating property activity is not an operating segment in the financial statements and is not surveyed by the Company's management (the CODM) on an ongoing basis (but is classified in the financial statements as "others" due to failing to meet the conditions under the accounting standard to be defined as an operating segment), and accordingly is not an operating segment in this periodic report.** See Note 1 to the financial statements for details about the Company's operating segments and changes to said operating segments.

1.3. **Investments in the Corporation's capital and material transactions involving its shares over the last two years**

As of January 1, 2023 and by the publication date of this report, no investments were made in the Company's capital and no material off-exchange transactions were performed by interested parties involving the Company's shares, other than as specified below:

Date	**Action**	**Transaction amount**	**Price per share on the transaction date**
January 3, 2025	Acquisition of 52.68% of the Company's issued and paid-up share capital by LEG from ADLER (in this section: the "**first stage**"), and an undertaking by ADLER to accept a tender offer with respect to the remaining shares owned by it (which constitute 10.1% of the Company's issued and paid-up share capital). Alternatively, if no tender offer is made, LEG grants ADLER a put option with respect to these shares (in this section: the "**second stage**"). For more information about the transaction, see section 1.1.1 above and the Company's immediate report dated November 5, 2024 (Ref. No: 2024-01-613935), which is included herein by way of reference.	EUR 219 million for the shares in both the first and second stages (assuming exercise of the tender offer/put option).	EUR 45 per share

1.4. **Distribution of dividends and buybacks**

1.4.1. Distribution of dividends

The Dutch Civil Code (DCC)[15] provides that a Dutch public company (NV) may distribute dividends of any kind to its shareholders provided that: (1) its equity exceeds the total par value of the issued and paid-up share capital together with statutory funds (reserves) (for more information concerning the statutory reserves relevant to the Company see section 1.4.2 below) and also provided that (2) the dividend distribution will not jeopardize the company's future operations. Such a distribution may only be paid from the company's profits (on a standalone level) or from the freely distributable reserves (as defined below), but not from the statutory reserves. In the Netherlands the "capital conservation" principle is examined based on a company's standalone financial data rather than according to its consolidated financial data.

The statutory reserves which should be maintained according to the Dutch Company Law and/or the articles of association are known as "non-distributable reserves". It should be noted that the Company's articles of association do not include a requirement to maintain specific reserves beyond the reserves the Company is required to maintain under the Dutch Company Law. Other reserves which are not statutory reserves under applicable law or the articles of association are known as "freely distributable reserves". A profit reserve and a share premium reserve for instance, are considered "freely distributable reserves".

It should be noted that despite the fact that the Company applies the International Financial Reporting Standards (IFRS) in lieu of the customary Dutch accounting standards (Dutch GAAP), as theoretically permitted under Dutch law, the provisions of the Dutch law concerning statutory reserves still apply.

Further to that stated above, it should be noted that as of the date of the statement of financial position (namely, as of December 31, 2024) the sum of EUR 144,237 thousands is recorded in the Company's books as share premium. As stated above, under Dutch law, share premium is part of the freely distributable reserves - and therefore the

[15] The content of this section is based on information provided to the Company by its legal advisors in the Netherlands.

Company may distribute this amount as a dividend to its shareholders.[16]

It should be noted that a distribution of dividends to the shareholders (including from the freely distributable reserves which are not retained earnings and including share premium) is subject to 15% dividend tax withholding at source in the Netherlands, subject to the exemptions and reliefs established by law.[17]

See section 1.4.3 below regarding the possibility to convert the premium into share capital and to consequently distribute capital to the shareholders through a capital reduction without an obligation to withhold tax at source.

1.4.2. Conversion of re-valuation reserves into capital, reduction and distribution of share capital

The Dutch Civil Code states that dividends cannot be distributed, *inter alia*, from: (a) company profits resulting from adjustments to the fair value of investment property and re-valuations resulting from adjustments of the fair value of a financial liability or unrealized financial assets; and (b) profits resulting from adjustments to the fair value of investment property of subsidiaries and re-valuations resulting from adjustments of the fair value of financial obligations of subsidiaries or financial assets of subsidiaries that have not been realized; and (c) other profits of subsidiaries which have not been distributed to a company as a dividend and which constitute part of the company's profits due to the consolidation of the financial statements of the subsidiaries with the company's financial statements. The Dutch Company Law provides that a Dutch public company is required to create statutory reserves, *inter alia*, for the profits specified in subsections (a) and (b) above (hereinbelow: "**re-valuation reserves**"). The Dutch Civil Code allows for the re-valuation reserves to be converted into share capital, either by allotting

[16] Subject to the distribution being approved by the Company's competent organs pursuant to applicable law and the Company's articles of association.

[17] It should be noted that a shareholder which is a corporate entity in an EU member state holding 5% or more is exempt from said tax withholding at source; in addition, all the exemptions and reliefs established in tax treaties the Netherlands is party to and as also established in Dutch tax laws shall apply. It should be noted that this exemption was expanded as of January 1, 2018, and in certain circumstances the exemption may also apply to a shareholder holding more than 5% of a company's shares who is a tax resident of a country which is party to a tax treaty concerning dividends with the Netherlands, and is not an EU member state.

additional shares against the re-valuation reserve[18] or by increasing the par value of the company's existing shares on account of the re-valuation reserve[19]. Consequently, the (increased) share capital may be reduced as established by law and in the articles of association and the reduced part may be paid to the company's shareholders according to their pro-rated share, as specified below. The table presented below describes the major stages in the conversion process of the re-valuation reserves to share capital, reduction of share capital and its distribution to the shareholders.

<table>
<tr><th>Nature of the action</th><th>Approving body</th><th>Required majority</th></tr>
<tr><td>Amending the company's articles of association - increasing the par value of the company's shares and increasing the company's authorized share capital</td><td>The general meeting of the shareholders of the company</td><td>More than half of the votes cast.</td></tr>
<tr><td>Amending the company's articles of association - reducing the par value of the company's shares and reducing the company's authorized share capital</td><td>The general meeting of the shareholders of the company</td><td>A majority of two thirds of the votes cast shall be required if less than half of the issued share capital is represented in the meeting</td></tr>
<tr><td colspan="3">The general meeting resolution to reduce the share capital is to be sent by the company to the Dutch Trade Register. A notice is also required to concurrently be published by the company in a nationally distributed daily Dutch newspaper concerning the submission of the resolution to the Dutch Trade Register as aforesaid (hereinafter: the "publication date").</td></tr>
<tr><td colspan="2">The company's creditors may object to the share capital reduction within a period of two months from the publication date (hereinafter: the "objection period"). The court's approval to complete the capital reduction process will not be required if no objections are submitted.</td><td>If objections were submitted by the company's creditors, the court may instruct the company to provide additional collateral to the objecting creditors as a condition for its approval of the capital reduction, unless these creditors have sufficient collateral and the company can pay-off its debt (it is solvent);</td></tr>
<tr><td colspan="3">After the expiration of the objection period, and if no objections were submitted by the company's creditors as aforesaid, the amendment of the articles of association allowing to reduce the par value of the company's shares will become effective and the share capital reduction is performed by paying the shareholders the difference between the previous par value of the shares and their reduced par value.</td></tr>
</table>

[18] It is clarified that the allotment of additional shares may require an amendment of the company's articles of association to maintain the required ratio between authorized share capital and issued share capital under Dutch law (a ratio not exceeding 1:5).

[19] It is clarified that increasing the par value of the company's shares would require an amendment of the company's articles of association.

It should be noted that the conversion of statutory reserves into share capital is subject to 15% tax withholding at source in the Netherlands for the shareholders, subject to the exemptions established by law.[20]

Additionally, in any event, according to the TASE listing rules all of the shares are required to be fully issued and paid-up.

1.4.3. Conversion of premium into capital, capital reduction and distribution without tax withholding at source

The premium on shares may be converted into share capital and may subsequently be reduced and distributed to the shareholders in the manner described in section 1.4.2 above with respect to the statutory reserves. However, unlike the conversion of statutory reserves into share capital, the conversion of share premium (which is not a statutory reserve) into share capital and reducing the share capital against an actual payment to the shareholders (namely, capital reduction) is not subject to tax withholding at source in the Netherlands.

1.4.4. Changing the Company's share capital structure

If and to the extent that distribution(s) as aforesaid are approved in the future by the Company's organs, if and as required, the Company shall act, subject to the provisions of applicable law, including without derogating from the generality of the foregoing, to obtain the approvals of the Company's organs if and as required, to convert the share premium[21] into issued and paid-up share capital in a manner which would enable the Company to distribute the share capital to the Company's shareholders free of the

[20] A shareholder which is a corporate entity in an EU member state holding 5% or more is exempt from the aforementioned tax withholding at source; in addition, all the exemptions or reliefs established in the tax treaties the Netherlands is party to will also apply. It should be noted that this exemption was expanded as of January 1, 2018, and in certain circumstances the exemption may also apply to a shareholder holding more than 5% of a company's shares who is a tax resident of a country which is party to a tax treaty concerning dividends with the Netherlands, and is not an EU member state.

[21] As of December 31, 2024, an amount of EUR 144,237 thousands is recorded in the Company's books as share premium.

obligation to withhold tax at source in the Netherlands.

1.4.5. Over 2023 and 2024 and as of the publication date of the report, the Company did not distribute or announce the distribution of dividends.

1.4.6. The balance of the Company's distributable profits (as defined in Section 302 of the Companies Law) as of December 31, 2024, is approximately EUR 11.7 million.

1.4.7. Restrictions on dividend distributions

Presented below is a detailed list of external restrictions which have affected the Company's ability to distribute dividends as of January 1, 2023 until the date of this report, as well as restrictions which may affect its ability to distribute dividends in the future. Over the last 2 years, there were no external restrictions which affected the Company's ability to distribute dividends and as of the date of the report there are no restrictions which may affect its ability to distribute dividends in the future, other than those listed below:

1.4.7.1. Restrictions on distributions in the deeds of trust, effective until the final repayment date of the bonds (i.e., until December 31, 2024 for Bonds (Series B), until January 20, 2025 for Bonds (Series C); and until February 2, 2025 for Bonds (Series D)):

Deed of trust	Major distribution restrictions	Reference for additional information
Amendment and Addendum No. 1 dated May 9, 2013 to the deed of trust dated May 23, 2012 between the Company of the first part and Reznik Paz Nevo Trusts Ltd. (hereinafter: "**Reznik**") as trustee for the Company's bondholders (Series B) of the other part (hereinafter: "**Deed for Bonds B**").	The Company will not distribute dividends to its shareholders and/or capital shall not be distributed to its shareholders and the Company will not buyback its shares or its convertible securities (hereinafter collectively: a "**distribution**"), if as a result of said distribution the Company's equity (excluding minority rights) **falls below EUR 160 million and/or if it results in a debt to cap ratio (as defined in subsection 5.4(b) of the Deed for Bonds B) which exceeds 70%.**	See section 1.4.5(b) of Chapter A "Description of the Corporation's business affairs", in the Company's 2013 annual report (which was published on March 27, 2014) (Ref. No. 2014-01-025902) (hereinafter: the "**2013 periodic report**") and sections 5.3(a), 5.3(b) and 5.4(b) of the Deed for Bonds B which was attached as Appendix B to the Company's shelf offering report dated May 19, 2013 (Ref. No. 2013-01-064576).
Amendment and Addendum No. 2 dated July 14, 2014 to the Deed of Trust dated May 23, 2012 between the Company of the first part and Reznik as trustee for the Company's bondholders (Series C) of the other part (hereinafter: **"Deed for Bonds C**").	The Company undertook to not make a distribution unless **all** of the following conditions are satisfied: (1) as a result of the distribution the Company's equity (excluding minority rights) shall not fall below **EUR 150 million**; (2) as a result of the distribution the debt to cap ratio (as defined in subsection 5.4(b) of the Deed for Bonds C) **shall not exceed 75%**; (3) none of the events specified in section 16.1 of the Deed for Bonds C did not occur and there is no real concern that any of them will occur; and (4) none of the warning signs listed below were included in the Company's most recent financial statements published before the distribution date: (i) equity deficit; or (ii) an audit opinion or review report as of the date of the report including an emphasis of a matter note drawing attention to the Company's financial position; the Company shall furnish the trustee with a confirmation from the Company's CFO, whereby: (1) all of the conditions specified in subsections	See sections 5.3(a), 5.3(b), 5.4(b) and 16.1 of the Deed for Bonds C attached as Appendix B to the Company's shelf offering report dated July 20, 2014 (Ref. No: 2014-01-117642).

Deed of trust	Major distribution restrictions	Reference for additional information
	(1) through (4) (inclusive) have been met, together with a detailed calculation relevant to the conditions specified in subsections (1) and (2); and (2) that the foregoing distribution and/or acquisition shall not adversely affect the Company's solvency as it relates to the Company's bondholders (Series C).	
A deed of trust dated February 26, 2024 between the Company of the first part and Reznik Paz Nevo Trusts Ltd. (hereinafter: "**Reznik**") as trustee for the Company's bondholders (Series D) of the other part (hereinafter: "**Deed for Bonds D**").	The Company undertook to not announce, pay or distribute any dividends to its shareholders (a "**distribution**"), unless all of the following conditions have been met: (1) If following the distribution, the Company's minimal equity (as defined in section 5.3(a) of the trust deed) is not less than EUR 475 million; (2) If as a result of the distribution, the ratio of the net financial debt to CAP (as defined in section 5.3(b) of the trust deed) does not exceed 65%; (3) If the distribution does not result in the ratio between the value of the pledged shares to net debt being less than 150%; (4) If at the time the distribution is performed and as a result of performing the distribution no grounds have arisen or will arise, as the case may be, to accelerate the bonds as specified in section 14.1 of the trust deed; (5) The Company is in compliance with all of its material undertakings to the bondholders under the trust deed; (6) The distribution satisfies the profit and solvency tests as defined in Section 302 of the Companies Law, or has been approved by the competent court pursuant to Section 303 of the Companies Law; (7) At the time of the board resolution to	See section 5.2(a) of the Deed for Bonds D attached as Appendix B to the Company's shelf offering report dated February 28, 2024 (Ref. No: 2024-01-017629).

Deed of trust	Major distribution restrictions	Reference for additional information
	make the distribution, the Company does not have any "warning signs" as defined in the trust deed.	
	Subject to the conditions stipulated in section 5.2(a) of the trust deed being met, the distribution amount attributable to the Company's annual operating profit for the period commencing on January 1, 2024, shall not exceed more than 50% of the Company's net profit in a single calendar year. An amount not distributed in a particular year and which could have been distributed according to this paragraph, may be distributed in subsequent years.	See section 5.2(a) of the Deed for Bonds D attached as Appendix B to the Company's shelf offering report dated February 28, 2024 (Ref. No: 2024-01-017629).

It should be emphasized that according to the provisions of the deeds of trust, a distribution made by the Company contrary to the dividend restrictions provisions (specified above) constitutes grounds for accelerating the entire outstanding balance of the bonds and/or enforcing the collateral.

1.4.7.2. Distribution of dividends by the Company's granddaughter companies - For the avoidance of doubt, it should be noted that there are external restrictions on the Company's granddaughter companies pursuant to agreements with financing bodies regarding the distribution of dividends to the Company's subsidiary (100%) BGP and/or repaying shareholder loans provided by the subsidiary BGP to said corporations, as the case may be. Without derogating from that stated above, it should be emphasized that so long as the above investee companies comply with the conditions of the financial provisions included in the financing agreements with the financing bodies (if any such provisions exist) and these agreements have not otherwise been materially breached, there is generally no external restriction on the distribution of dividends and/or on paying-off the shareholder loans provided to the investee companies by the subsidiary BGP.

1.4.8. Dividend distribution policy

On May 18, 2017 the Company's board adopted a dividend policy deriving from the scope of the Company's annual FFO. According to this policy, the Company shall distribute dividends and/or capital to its shareholders at the rate of 30% of its total FFO based on the audited annual consolidated financial statements known on the date of the distribution resolution. The resolution shall be adopted by the board after the approval of the annual financial statements for the year with respect of which the distribution is made and shall only be adopted if the payment of the distribution amount does not adversely affect the Company's ongoing commercial activities, its investment plan, liquidity, its leverage ratios, the rating of its bonds, the financial undertakings and covenants, the Company's financial policy and its needs. In addition, for the purpose of calculating the FFO for any given year, the FFO data for Q4 of the same year will be standardized to full year data.

It is clarified that the dividend policy should not be regarded as an undertaking by the Company to make distributions according to its provisions and each distribution shall be discussed separately by the Company's board, which shall be authorized to make a decision on an actual distribution at its discretion, *inter alia*, considering the foregoing criteria, and subject to the approval of such distribution by the Company's general meeting, if and to the extent required (according to applicable law). In addition, the Company's board also has the right to examine from time to time the aforementioned dividend policy and change and/or cancel it at its sole discretion.

Part II - Other information

Financial information regarding the Group's operating segments

For financial data and information about the Group's activities see the Company's 2024 financial statements, attached as Chapter C to this report. For an explanation about developments with respect to the data presented in the financial statements, see the board of directors' report on the state of the Group's affairs, attached as Chapter B to this report.

1.5. General environment and influence of external factors on the Group's activities

1.5.1. General - Global

Over 2022-2024 there were several international events with macro-economic implications on the Company's operating environment. The major events which should be noted include the war in Ukraine which broke out at the end of February 2022, rising interest and inflation rates worldwide including in Europe and particularly in Germany, and the "Swords of Iron" war which broke out in Israel on October 7, 2023, following a murderous attack launched by the Hamas terror organization against communities near the Gaza border in southern Israel.

1.5.1.1. The war in Israel

The "Swords of Iron" war (the "**war**") broke out in Israel on October 7, 2023, following a murderous attack launched by the Hamas terror organization against communities near the Gaza border in southern Israel. The war naturally had a significant economic impact on the Israeli economy, including increased defense costs, expanding the budgetary deficit and a lowering of Israel's credit rating by the international rating agencies Moody's and S&P.

Despite these challenges, the Israeli economy has presented resilience and recovery is apparent from the 4% growth in GDP in Q3 2024, primarily due to increased government spending together with a partial recovery in the private sector. The international faith in the Israeli market can be seen in the issuance of government bonds in February 2025 totaling USD 5 billion, which was subject to high demand, and foreign investments are starting to return to Israel. Despite the fiscal challenges and security tension, the Israeli economy is displaying relative stability, with growth in foreign investments, an improvement in TASE indexes and exchange rate stability, and, as of the date of the report, the Company does not anticipate these events to have a material impact on its activity.

1.5.1.2. The war in Ukraine

The Russian army invaded Ukraine at the end of February 2022 as part of its government's attempts to conquer the country due to geopolitical tension between the countries. The increased tensions between the countries led various Western parties, including the United States and the European Union, to impose various economic sanctions on Russia and personal and economic sanctions on individuals particularly involved in the Russian business and political sectors.

The aforementioned sanctions, the hostilities between the countries and the developing geopolitical crisis have extensive effects on the prices and transportation of raw materials commonly used in the world, including iron and oil, which also affect the availability and cost of these materials for the Company's projects. They also have extensive effects on the global economy including, *inter alia*, high volatility in the Israeli and global capital markets, volatile currency exchange rates, and on demographic changes associated with refugees and migrants.

It should be noted that as of the approval date of the report, the aforementioned events do not have a material impact on the Company's activities. However, in view of the uncertainty surrounding the continuation of the hostilities and the expansion of the crisis, at this point the Company is unable to assess the possible impact, if any, that it will have on its future activities.

The Company's assessments concerning the implications of the wars in Israel and in the Ukraine constitute 'forward-looking information', as defined in the Securities Law. These assessments may not materialize or may materialize differently to that assessed by the Company, due, inter alia, to circumstances which are not in the Company's control, including changes in the scope of the hostilities, the state of the global capital markets, the deterioration or continuation of the economic crisis and the implications on the availability and cost of raw materials as a result of the war in the Ukraine and the involvement of any of the countries, including Germany, in the war.

1.5.1.3. Increasing interest rates and inflation[22]

Inflation has shown signs of moderation in 2024 compared with 2023. In Israel, inflation stood at 3.4% in 2024 compared with 4.21% the previous year. The annual inflation rate in the European Union was estimated at approximately 2.9%, the inflation rate in the United States was estimated at approximately 2.9% and in Germany inflation has cooled down and is estimated at approximately 2.4% in 2024. Alongside the aforesaid, construction and energy costs increased over the reporting period and as of the publication date of the report (including as a result of the war in the Ukraine), but the increase is slower than the increase in 2023. The inflation rate slowed throughout the year, along with interest rate cuts by the central banks around the world and in Israel.

Interest rates started being raised around the world in 2022-2024 in an attempt to curb price increases, with the sharpest inflation rate increase in the Euro bloc in 2022 causing the European Central Bank (ECB) to tighten its monetary policy, as part of which the interest rate in the EU was increased to 4%. However, a downward interest rate trend began in 2024 in the EU, at the end of which interest stood at 3.15%, following various cuts by the European Central Bank. The rate of inflation in the Euro bloc started to slow and stood at 2.7% at the end of 2024.

Generally, the primary objective of the ECB's monetary policy, as declared by it, is to maintain price stability, setting a low inflation target closer to an inflation rate of approximately 2% over the medium term. Inflation in the Euro bloc was greater than 2% in 2024. According to announcements, the ECB expects to achieve the inflation target in the upcoming year; hence, the expectation of a further interest rate cut in 2025. In addition, the German government passed a series of laws aimed at easing the public burden resulting, *inter alia*, from the increase in energy prices.

[22] The data in this section were taken from www.statista.com and from the Bank of Israel websites.

The changes in inflation and interest trends in Israel and around the world have a significant impact on business activity and the economy, which is manifested, *inter alia*, in operating costs, the costs of raw material, labor costs, and the structure of financing costs.

For details regarding the impact of inflation and increased interest rates on the Company's property appraisals, see Part C of the board of directors report attached as Chapter B to this report.

1.5.2. General - Germany

As of the date of the report, the Group's activities in its operating segments focus on Germany and include the acquisition of residential buildings, renovating them (if necessary) and renting them. It should be noted that the Company's activity in the residential segment is focused on medium and large cities in the state of North Rhine Westphalia ("NRW") and on the cities of Leipzig, Magdeburg, Halle, Göttingen, Hanover and Kiel, and the Company's activity in the commercial segment is mostly concentrated in medium cities throughout Germany (as aforementioned in section 1.2, as of the date of the report, the Company's activity in the commercial segment is not material and includes 3 properties, one of which was sold subsequent to the date of the report).

The Group is also engaged residential property development in Düsseldorf and concentrates its activities in a central area in the city of Düsseldorf, the administrative capital of NRW.

Presented below are the main details about the macro-economic environment in Germany (including details for the state of North Rhine Westphalia, where the land owned by the Company is located) and the property sector in Germany as of the date of the report, as well as the macro-economic effects that have or are expected to have a material impact on the Group's business results or on the developments of the Group.

1.5.3. The macro-economic environment in Germany

1.5.3.1. General economic data[23]

	2021	2022	2023	2024	2025*
Real growth	2.6%	1.8%	-0.4%	0.01%	0.79%
Unemployment rate	5.7%	5.3%	5.7%	6%	6.4%
Inflation	3.1%	6.9%	6.1%	2.41%	2.02%
Interest rate	0%	2.5%	4.5%	3.15%	2.9%**

* Projection for 2025
** Germany Interest Rate (tradingeconomics.com)

For the German economy, 2024 was characterized by negligible real growth of 0.01% compared with negative growth of -0.04% in 2023. In addition, for the other largest European economies (about 17 large European countries), and for the OECD countries, the GDP in the Eurozone increased by approximately 1.7% in 2024. The economists of the Organization for Economic Co-operation and Development anticipate a return to stability and positive growth in economic activity in Germany in 2025, projecting an increase of approximately 1.9%.

In addition, the inflation rate in Germany moderated in 2024 at 2.41%, compared with 6.1% in 2023. Moreover, according to a report published by the European Commission[24] announcements, inflation in 2025 is expected to drop further and is expected to come to 2.1% in the coming year.

1.5.3.2. North Rhine Westphalia

The federal state North Rhine Westphalia (NRW) is located in north-west Germany and its capital is Düsseldorf. NRW has approximately 17.93 million inhabitants. It is the most populated state in Germany and it accounts for approximately 25% of Germany's total GDP. The major economic sectors in the area are telecommunications (prominent companies in the field include: Vodafone, Deutsche Telecom), IT (HP, Toshiba, IBM, Fujitsu), insurance, media, logistics, mechanical and electronic engineering, vehicle manufacturing (Daimler, Opel,

[23] The data were taken from www.statista.com

[24] See the link: European Economic Forecast, Autumn 2024 – Germany.

Ford) chemical industry (Bayer) and energy (RWE, E.ON).

1.5.3.3. Düsseldorf

Düsseldorf - General characteristics[25]

The city of Düsseldorf has approximately 644 thousand inhabitants, and is the sixth largest city in Germany. The city constitutes an important economic center, and according to the Federal Statistical Office, is the third highest city in terms of GDP per capita (after Frankfurt and Munich). Düsseldorf also offers a high quality of life. Due to the high protracted building costs and interest rates, the residential construction in Dusseldorf was halted in H1 2024. In order to stimulate and reinvigorate the building sector, the city of Dusseldorf is planning on developing new financing programs, whereby, according to announcements made by the city of Dusseldorf, double digit amounts in millions of EUR will be allocated annually in the future. The city is also aspiring to construct 8,000 affordable apartments by 2030.

1.5.4. Real estate in Germany

1.5.4.1. General[26]

The German real estate market is the second largest in Europe (after the United Kingdom) and is characterized by low price volatility compared to other European and world markets, also with respect to the drop in prices in Germany as in all of Europe due to the increase in inflation and interest rates in 2022-2024. According to data from the Statista website and the JLL H2 2024 annual report, in H2 2024, a trend was apparent of stabilizing apartment sale prices in the German market, and the prices of new and existing apartments declined by approximately 0.8% on average which shows a considerable improvement compared

[25] Based, *inter alia*, on statistical data published by the city of Düsseldorf www.duesseldorf.de, as well as a JLL research overview - Housing Market Overview - H2 2023 | JLL.

[26] https://www.jll.de/en/trends-and-insights/research/housing-market-overview

with the previous year in which declines of 7.3% were recorded.

The decline in prices was relatively moderate in the new apartment category, with an average decline of just 1.7% in 2024 compared with a decline of 2.6% in 2023.

Munich remained the most expensive city in Germany, with an average price of EUR 11,253 per sqm for new apartments, followed by Stuttgart, with an average price of EUR 8,528 per sqm.

In 2025, the projected market value of the German real estate market is estimated at approximately USD 36.24 trillion. The residential property sector is the dominant market segment, with a market value estimated at USD 29.60 trillion in the year. Based on announcements, looking forward, it is projected that the market will present a compound annual growth rate (CAGR) of 2.70% over 2025-2029, resulting in a market totaling USD 40.32 trillion by 2029.

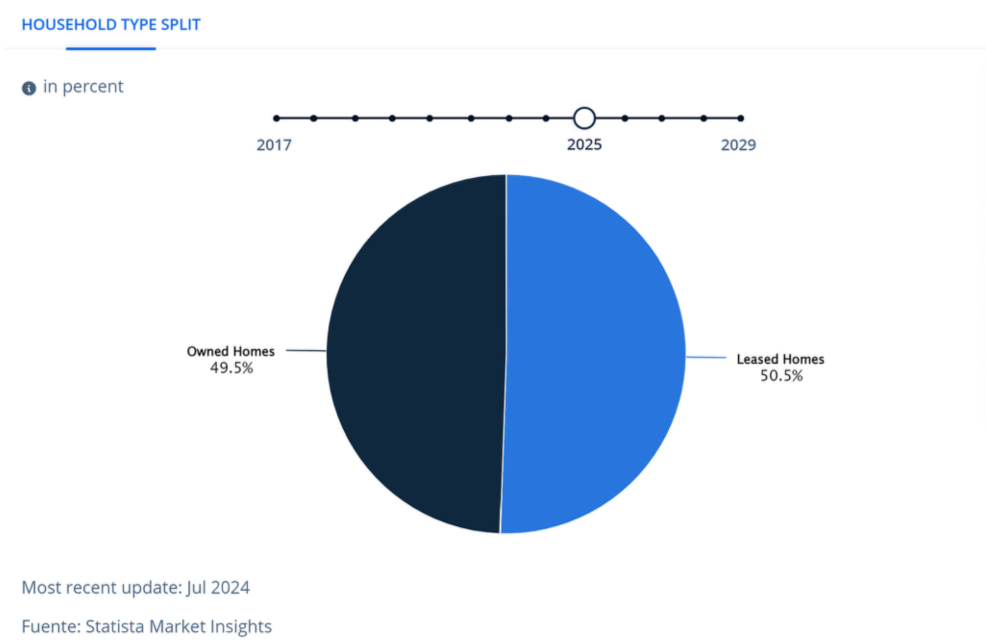
The assessments presented above regarding the anticipated market value and growth outlook in coming years, constitutes forward-looking information, as defined in the Securities Law. Among other things, this information is based on subjective assessments and estimates made by the Company's management which are based on past experience and accrued knowhow as well as an analysis of the changes and impacts seen in the reporting period, various assessments with respect to the state in the markets in which the Company is operating and additional information held by the Company. This information may not eventuate in whole or in part, or it may eventuate materially differently than that forecasted by the Company or may not eventuate at all, due to various factors not within the Company's control, including the protraction and/or escalation of the Swords of Iron war, various macro-economic factors, decisions made by central banks around the world, and various regulatory decisions related to the Company's operating segments, and additional factors, including the manifestation of one or more of the risk factors described below in secition 1.21.

1.5.4.2. Residential real estate[27]

According to Statista data, the German residential real estate market is anticipated to achieve a value of EUR 29.6 trillion by 2025.

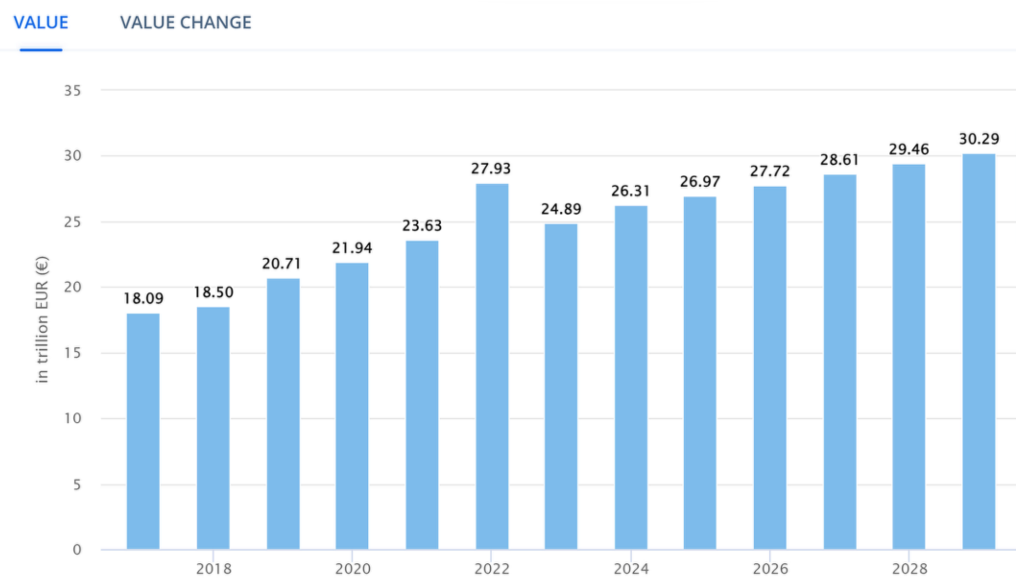
The forecasts indicate a compound annual growth rate (CAGR) of 2.96% over 2025-2029, resulting in a market totaling EUR 33.26 trillion by 2029.

Presented below are data about the % of owned vs. rental homes in Germany:



Presented below are data about the market value of the residential property market in Germany:

[27] The data were taken from www.statista.com.



Notes: Data was converted from local currencies using average exchange rates of the respective year.

Most recent update: Jul 2024

Fuente: Statista Market Insights

The German residential market is characterized by a high rate of tenants living in rented apartments and extensive tenant protections, including, rent control. For more information, see section 1.16.2.1.

Part III - Description of the Corporation's business affairs by operating segment

1.6. **Income-generating real estate in Germany**

Presented below is a disclosure concerning the Company's activity in the income-generating residential property segment.

Additionally, to provide a complete picture, if there is any relevant information regarding the Company’s income-generating commercial property segment, which as of the date of the report includes 3 properties which are not material to the Company (including one property which was sold subsequent to the date of the report) and which does not constitute an operating segment in the financial statements and is not surveyed by the Company’s management (the CODM) on an ongoing basis (but is classified in the financial statements as “others” due to failing to meet the conditions under the accounting standard to be defined as an operating segment), this information shall be presented below under the "income-generating residential property" segment. See Note 1 to the financial statements for details about the Company's operating segments and changes to said operating segments.

1.6.1. General information about the operating segment

1.6.1.1. <u>The structure of the operating segment and changes thereto</u>

As stated above, as of December 31, 2024 and as of the execution date of the report, the Group operates in the income-generating property segment solely in Germany, one of the largest and strongest countries in Europe.

As of the date of the report and its publication date, the Company's income-generating properties include projects which were initially classified by the Company as development real estate, the properties were eventually classified as income-generating residential properties due to the fact that the Company started to rent the apartments to tenants after construction was completed.

The income-generating property segment in which the Group operates is directly affected by the economic and demographic situation in Germany. For information concerning the economic and demographic situation in Germany see section 1.5 above.

1.6.1.2. <u>The main areas in which the properties are located</u>

The majority of the Group's properties in the income-generating residential property and development property segments are concentrated in: (a) The federal state of North Rhine Westphalia ("**NRW**") located in western Germany, (b) In the cities of Hannover, Bremen, Kiel and Guttingen located in north Germany; and (c) In the cities of Leipzig, Magdeburg and Halle located in eastern Germany.

1.6.1.3. Changes in the scope of operations in the segment and in its profitability

In recent years the scope of the Company's activity in the income-generating property segment in Germany has declined, whereby, as of the end of 2024, the Company owns 9,307 residential units, compared with 12,158 residential units as of the end of 2021.

As of the date of the report, most of the Company's residential properties are in western, northern and eastern Germany. While in western Germany, which includes the NRW region, the Company has approximately 4,754 residential units. In eastern Germany which includes the cities of Leipzig, Magdeburg and Halle, the Company has approximately 1,419 residential units. In northern Germany, which, inter alia, includes the cities of Hannover, Kiel and Bremen, the Company has approximately 3,134 residential units. The Company assesses that the size and concentration of the Company's properties entails many managerial and operational advantages.

Concurrently with acquiring these holdings, the Company improved the management platform it developed and its managerial abilities now allowing it to manage and improve income-generating residential properties while maintaining operating efficiency.

1.6.1.4. Critical success factors for the operating segment

The Company assesses that the critical success factors in the income-generating property operating segment, are as follows:

a. Focusing on a single geographic (only Germany) and regional area (the residential properties are mostly located in west Germany).

b. Full and independent managerial system (facility, property, asset management).

c. A critical mass of properties which creates economies of scale and which allow for properties to be managed at a lower marginal cost.

d. A combination of defensive properties creating high cash-flows through long-term contracts and properties which create (relatively) short term low cash-flows but at the same time allow significant betterment over time.

e. Strong financial position which allows patience and implementation of the business plan.

f. Accessibility to diverse sources of financing allowing the financing to be adjusted to market conditions/the relevant business plan.

g. Diverse and ongoing deal flow from banks, private entities, governmental companies, public companies, municipal authorities and more.

h. Accumulation of comprehensive and thorough know-how and deep familiarity with the legal environment (contract, land, banking and finance, receivership, mergers and acquisitions, environmental laws), the tax environment (tax planning with buying and selling land, corporate taxation) and the zoning environment (planning and zoning laws, city building plans, building permits), allowing the performance of complex transactions, both to buy and also to sell properties.

1.6.1.5. <u>Primary barriers to entry and exit for the operating segment</u>

The Company assesses that the primary barriers to entry in the income-generating property segment are as follows:

a. Large scale equity requirements;

b. The need to establish a management system which will effectively manage the economic, legal, engineering, planning, taxation, financing and operational (asset maintenance, renovation, marketing and lease, collection) aspects, and the like; and

c. Building a network of connections and accessibility to transactions and maintaining this network and connections.

The Company assesses that the primary barriers to exit for the income-generating property segment are as follows:

d. The sale of the properties is subject to supply and demand conditions; and

e. The sale of the properties is subject to the financing options available in the market for the potential purchasers.

1.6.1.6. Alternatives for the Group's activities

In the income-generating residential property segment, according to the Company's best estimate, the main alternative for renting apartments in the German market is for the tenants to directly own the residential apartments. However, according to the Company's best estimate and in light of market analyses, the characteristics of the German market show that many residential apartments (approximately 50%) are rented (or are designated for rent) and are not owned by their occupants.

1.6.1.7. The structure of competition in the operating segment and changes thereto

For details concerning the structure of competition see section 1.8 below.

1.6.1.8. Restrictions, legislation, standards, and special constraints which apply to the operating segment

For details see section 1.16 below.

1.6.1.9. Unique tax consequences applicable to the activity

As of the date of the report, the purchase tax on real estate in Germany amounts to between 3.5% to 6.5% of the cost of the property depending on the specific tax legislation in the federal state in which the property is located (for instance, 6% in Berlin, 6.5% in NRW and Schleswig-Holstein, 5% in Baden-Württemberg and Bremen, and 5.5% in Saxony). For information regarding the Company's tax liability following the completion of the acquisition of the Company's shares by LEG on January 6, 2022, after which it held (as of the time of that report) 32.01% of the Company's issued and paid-up share capital, see Note 9A to the Company's annual financial statements, attached as Chapter C to this report.

1.6.1.10. Property purchase and sale policy

For information concerning the Company's actions to focus its business strategy on the income-generating residential property segment see section 1.19 below.

1.6.1.11. Material changes underlying the business activity in the last three years

Over 2022-2024, the Company performed a series of transactions for the sale of some of the Company's income-generating properties. For more information concerning these transactions see section 1.1.4 above and note 7H to the Company's 2024 financial statements, attached to this report. For more information concerning the Company's strategy see section 1.19 below.

1.6.1.12. Types of properties and their uses

See section 1.7.2.9 above.

1.6.1.13. Tenant mix

The Group engages a single type of tenant in the operating segment - tenants renting apartments in residential buildings. In addition, some of the residential complexes include a small number of commercial areas which are rented to commercial tenants. It should be noted that the share of the commercial tenants in the property's total rented area or in the total rental fees deriving from the property is negligible. It should be noted that approximately 10% of the rental revenues is paid monthly by the relevant local authority according to the housing subsidy policy for eligible tenants of that relevant authority.

As of the date of the report the company does not depend on a single tenant or a limited number of tenants whose loss may materially affect the operating segment.

1.6.2. Summary of the results for the operating segment

Presented below is a summary of the financial results for the operating segment for the three-year period ending on December 31, 2024:

Parameter	For the year ended:		
	December 31, 2024	December 31, 2023	December 31, 2022
	EUR 000's		
Total revenues from the operations (consolidated)	73,289	74,296	84,637
Net profits (losses) from re-valuations (consolidated)	(32,689)	(106,509)	(143,250)
Profits (losses) from operations (consolidated)*	9,889	(64,427)	(93,425)
NOI (consolidated)	42,578	42,082	49,825
NOI (Corporation's share)	42,162	41,786	48,631

* Operating profit results are calculated as the total NOI and increase/decrease in the value of the investment properties.

1.6.3. Geographic areas

Presented below are economic parameters for the geographic area in which the Group operates (Germany):

	Germany		
	For the year ended:		
	December 31, 2024	December 31, 2023	December 31, 2022
Gross domestic product (EUR billions)*	4,305	4,121	3,971
GDP per capita (EUR)*	51,495	49,531	47,723
GDP growth rate*	-0.2%	-0.3%	1.5%
Inflation rate*	2.3%	6.1%	6.9%
The yield on long-term local government debt **	2.44%	2.39%	2.44%
Long-term government debt rating ***	AAA	AAA	AAA
ILS:EUR exchange rate ***	3.79	4.01	3.78

* Taken from the website of the German Federal Statistical Office (www.destatis.de)

** Germany Government Bonds - Yields Curve (worldgovernmentbonds.com)

*** Taken from the website of the Bank of Israel (www.boi.org.il).

1.6.4. General segmentations of the operating segment

The following tables present different segmentations of the Group's income-generating properties by uses **(including both residential and commercial properties)**.

1.6.4.1. Segmentation of income-generating areas by locations and uses

As of December 31, 2024

	Uses	**Residential**	**Commercial (including offices)**	**Total**	**Percent of the total property areas**
Locations		**Sqm**			
Germany	Consolidated	566,974	16,228	583,202	100.0%
	Corporation's share	562,402	16,228	578,630	100.0%
Percent of the total property areas	Consolidated	97.2%	2.8%	100.0%	
	Corporation's share	97.2%	2.8%	100.0%	

As of December 31, 2023

	Uses	**Residential**	**Commercial (including offices)**	**Total**	**Percent of the total property areas**
Locations		**Sqm**			
Germany	Consolidated	566,974	16,228	583,202	100.0%
	Corporation's share	562,402	16,228	578,630	100.0%
Percent of the total property areas	Consolidated	97.2%	2.8%	100.0%	
	Corporation's share	97.2%	2.8%	100.0%	

1.6.4.2. Fair value segmentation of the income-generating properties according to locations and uses

As of December 31, 2024

Locations	Uses	Residential	Commercial (including offices)	Total (EUR 000's)
Germany	Consolidated	885,155	13,740	898,895
	Corporation's share	871,654	13,740	885,394
Percent of the total property areas	Consolidated	98.5%	1.5%	100.0%
	Corporation's share	98.4%	1.6%	100.0%

As of December 31, 2023

Locations	Uses	Residential	Commercial (including offices)	Total (EUR 000's)
Germany	Consolidated	909,660	13,550	923,210
	Corporation's share	895,237	13,550	908,787
Percent of the total property areas	Consolidated	98.5%	1.5%	100.0%
	Corporation's share	98.5%	1.5%	100.0%

1.6.4.3. NOI segmentation according to locations and uses (both with respect to income-generating residential and commercial properties) (*)

For the year ended December 31, 2024

	Uses	Residential	Commercial (including offices)	Total (EUR 000's)
Germany	Consolidated	41,046	1,161	42,247
	Corporation's share	40,670	1,161	41,381
Percent of the properties' total NOI	Consolidated	97.3%	2.7%	100.0%
	Corporation's share	97.2%	2.8%	100.0%

For the year ended December 31, 2023

	Uses	Residential	Commercial (including offices)	Total (EUR 000's)
Germany	Consolidated	43,197	1,014	44,211
	Corporation's share	42,733	1,014	43,747
Percent of the properties' total NOI	Consolidated	97.7%	2.3%	100.0%
	Corporation's share	97.7%	2.3%	100.0%

For the year ended December 31, 2022

	Uses	Residential	Commercial (including offices)	Total (EUR 000's)
Germany	Consolidated	48,638	1,186	49,825
	Corporation's share	47,462	1,168	48,631
Percent of the properties' total NOI	Consolidated	97.6%	2.4%	100.0%
	Corporation's share	97.6%	2.4%	100.0%

For additional information concerning the NOI performance indicator see section 5.3 of the board of directors report attached as Chapter B to this report.

1.6.4.4. Segmentation of re-valuation profits and losses according to locations and uses

For the year ended December 31, 2024

Locations	Uses	Residential	Commercial (including offices)	Total (EUR 000's)
Germany	Consolidated	(32,844)	155	(32,689)
	Corporation's share	(31,833)	155	(31,678)
Percent of the total re-valuation profits or losses	Consolidated	100%	-	100%
	Corporation's share	100%	-	100%

For the year ended December 31, 2023

Locations	Uses	Residential	Commercial (including offices)	Total (EUR 000's)
Germany	Consolidated	(105,140)	(1,369)	(106,509)
	Corporation's share	(104,352)	(1,375)	(105,727)
Percent of the total re-valuation profits or losses	Consolidated	98.7%	1.3%	100%
	Corporation's share	98.7%	1.3%	100%

For the year ended December 31, 2022

Locations	Uses	Residential	Commercial (including offices)	Total (EUR 000's)
Germany	Consolidated	(140,412)	(2,838)	(143,250)
	Corporation's share	(134,226)	(2,862)	(137,088)
Percent of the total re-valuation profits or losses	Consolidated	98.0%	2.0%	100%
	Corporation's share	97.9%	2.1%	100%

1.6.4.5. Segmentation of average rental fees per sqm according to locations and uses:

Uses	Residential		Commercial (including offices)	
Germany	In EUR		In EUR	
	For the year ended		For the year ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Average annual rental fee per sqm	89	86	115	115

The above data provide a snapshot of the rental fees as of the end of the year.

1.6.4.6. Segmentation of average occupancy rates according to locations and uses:

Uses	Residential			Commercial (including offices) Offices		
Germany	%					
	As of December 31, 2024	2024 annual period	As of December 31, 2023	As of December 31, 2024	2024 annual period	As of December 31, 2023
Average occupancy rate (as a %)	98%	97%	97%	68%	68%	74%

It should be emphasized that as of the date of the report, the retail/commercial and office buildings only constitute approximately 2.8% of the Company's total income-generating areas.

1.6.4.7. Segmentation of number of income-generating properties according to locations and uses:

Uses	Residential*		Commercial (including offices)	
Germany	For the year ended		For the year ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Number of income-generating properties	31	31	3	3

* The Company's residential portfolio is diversified across many cities in Germany; it should be emphasized that in addition to the residential unit areas, some of the complexes include a small number of commercial areas which are rented to commercial tenants. It should be noted that the share of these tenants in the property's total rented area or in the total rental fees deriving from the property is negligible.

1.6.4.8. Segmentation of actual average rates of return[28] (in percentages, according to year-end value) and according to locations and uses:

[28] Return - the ratio between rental revenues over a certain period and the value by the end of said period.

Uses	Residential		Commercial (including offices)	
	For the year ended		For the year ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Actual rate of return	5.6%	5.2%	9.2%	10.2%

1.6.4.9. Major tenants and projected revenues from signed lease agreements: As of the date of the report and its publication date, most of the Company's income-generating properties are rented to private tenants for residential purposes. Most leases are for a period of one year. As of the date of the report and its publication date, the Company does not depend on any tenant.

1.6.4.10. Purchase and sale of properties (in the aggregate) and material existing structures:

Location		Parameters	Period (For the year ended)		
			December 31, 2024	December 31, 2023	December 31, 2022
Germany	Properties which were purchased	Number of properties purchased during the year		-	-
		Net cost of properties purchased during the year (consolidated) (EUR 000's)	-	-	-
		NOI of properties which were purchased (consolidated) (EUR 000's)*	-	-	-
		Area of properties purchased during the year (consolidated) (EUR 000's)	-	-	-
		Profit/loss recorded for the sale of the properties (consolidated) (EUR 000's)	-	-	-
	Properties sold	Number of properties sold during the year	1	4	4
		Net consideration from the sale properties sold during the year (consolidated) (EUR 000's)	16,500	143,695	36,243
		Area of properties sold during the year (consolidated) (EUR 000's)	29,924	176,315	37.6
		NOI of properties sold during the year (consolidated) (EUR 000's) *	-	8,607	1,394

* Annualized

1.6.5. **Necessary adjustments on Company level**

1.6.5.1. Adjustment of fair value for values in the statement of financial position:

		As of December 31, 2024	As of December 31, 2023
		(Consolidated) (EUR 000's)	
Presentation in the report describing the Corporation's business affairs	**Total income-generating properties (consolidated)**	898,895	923,210
	Total investment land (consolidated)	26,800	30,200
	Total (consolidated)	925,695	953,410
Adjustments	**Properties included in "non-current property held for sale" in the statement of financial position**	(8,800)	-
	Value adjustments arising from accounts receivable and accounts payable line-items	-	-
	Adjustments arising from the presentation of properties at cost	-	-
	Other adjustments	5,600	5,600
	Total adjustments	(3,200)	5,600
	Total, after adjustments	922,495	959,010
Presentation in the statement of financial position	**Investment property line-item in the statement of financial position (consolidated)**	922,495	959,010
	Total	922,495	959,010

1.6.5.2. FFO profits

For information concerning the Company's FFO profits see section 5.1 of the board of directors' report attached as Chapter B of this report.

1.7. **<u>The development property segment</u>**

1.7.1. **Introduction**

This operating segment includes the Company's following projects:

a. <u>The Company's residential project in the Gerresheim neighborhood in the city of Dusseldorf, Germany</u>

On February 28, 2018, the Company completed the purchase of a land tract in the city of Düsseldorf, Germany for an amount totaling (including ancillary costs) approximately EUR 141.9 million. The land is located in the Gerresheim neighborhood (whose population totals approximately 30 thousand individuals) east of Düsseldorf's city-center, adjacent to and south of the luxurious Grafenberg neighborhood and near the Grafenberg Forest. The plan for the vacant land covering an area of approximately 193 dunam includes the construction of approximately 1,500 residential units and an additional area of approximately 30 thousand sqm for commercial use, offices, schools and kindergartens.

On September 14, 2022, the Company announced that the board of directors learnt that the city of Düsseldorf decided to create a pre-emptive right (*Vorkausfrechtssatzung*) with respect to the area on which the Company's Gerresheim project is located. The pre-emptive right shall become effective on its actual creation and public declaration (*Bekanntmachung*). For more information see the immediate report published by the Company on September 14, 2022 (Ref. No: 2022-01-117691) which is included herein by way of reference.

On November 24, 2022 it was brought to the attention of the Company's board of directors that difficulties had emerged in the negotiations with the municipality of Düsseldorf with respect to the approval of the zoning plan applicable to the Gerresheim project, which may lead to an additional delay in receiving the permit or which may completely thwart it from being received.

Further to that stated above, the Company was informed that the City of Dusseldorf has decided to continue to advance the initial negotiations with the Company regarding the approval of the zoning plan and building permit. In this regard, see the immediate report published by the Company on March 28, 2024 (Ref. No: 2024-01-028906) which is included herein by way of reference.

For additional information concerning the sale of the Company's development property portfolio, see section 1.1.4 above.

It should be clarified that the aforesaid fall within the confines of forward-looking information as this term is defined in the Securities Law, 1968, 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 receive the city building plan permit 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.

All the data regarding the Gerresheim residential project were included for the reader's convenience in section 1.7.3.1 below.

b. The Company's residential project in the Grafenberg neighborhood in the city of Dusseldorf, Germany

The Company owns a land complex with an area of approximately 20 thousand sqm located in the Grafenberg neighborhood - one of the most expensive residential neighbourhoods in the city of Düsseldorf and near the "Grafental" residential project which is being built by the Company in Düsseldorf and which was purchased in 2014.

In 2021 the Company received the approval of the Düsseldorf municipality for the rezoning of the land in the Grafenberg neighborhood converting it to residential construction. According to the Company's plan, it will be possible to build a residential project consisting of 85 units (approximately 13,500 net built sqm) on the land.

Additionally, in December 2022, the Company received a building permit for the first part of this project.

All the data regarding the Grafenberg residential project were included for the reader's convenience in section 1.7.3.2 below.

c. The Company's residential project in the Grafental neighborhood in the city of Dusseldorf, Germany

For details regarding the land complex ("Grafental Ost") in a central location in the city of Düsseldorf, on which the Company acted to build the Company's "Grafental" residential project, whose sale was completed on November 7, 2024, see section 1.7.2.9(1) below.

Aggregate description - Development real estate

1.7.2. **General information about the operating segment**

1.7.2.1. The structure of the operating segment and changes thereto

Company's development property segment includes two land plots in the city of Dusseldorf which are at various stages of planning.

1.7.2.2. The geographic area in which the activity is performed

All the activity is concentrated in a central location in the city of Düsseldorf, the administrative capital of NRW.

1.7.2.3. Project types

The relevant projects include construction on land owned by the Corporation.

1.7.2.4. Types of uses of the sold inventory

The sold inventory is comprised of residential apartments, parking spaces and common areas related thereto. There is also a negligible scope of commercial areas.

1.7.2.5. Unique tax consequences applicable to the activity

For information concerning the tax consequences affecting the Company see Note 15 to the financial statements attached as Chapter C to this report.

1.7.2.6. Restrictions, legislation, standards, and special constraints which apply to the operating segment

For details see section 1.16 below.

1.7.2.7. Critical success factors for the operating segment

The Company assesses that the critical factors contributing to the success of the operating segment are as follows:

a. Deep familiarity with the local real estate market in the city of Düsseldorf and mapping its medium-long term needs.

b. Building a high-quality and experienced team of planners (city planners, architects, road and infrastructure planners, environmental development planners), with long-standing familiarity of the real estate market in Dusseldorf along with an understanding and mastery of the planning and construction laws relevant to being issued with construction permits.

c. Accessibility to and personal acquaintance with the various planning officials and decision makers in the Düsseldorf municipality.

d. Planning the project, including the determination of the mix of apartments and their size, the technical specifications, the design of the facades and the public areas to maximize the quality of the sold product relative to competitors in the market and to enable high sale prices to be obtained (compared to the competitors).

e. Establishing a highly experienced marketing and sales team in the residential market in Düsseldorf within the Company.

f. Establishing a project management team highly experienced in the planning and execution of residential construction projects.

g. Obtaining financing for the construction of the project under optimal terms (low interest margins, not high pre-sale rates, immaterial investment of additional equity beyond providing the land as collateral for the construction loan).

h. Choosing a lead contractor with professional capabilities, experience, number of employees and equipment enabling for the project to be completed while implementing and achieving the plans, schedules and the required quality without materially deviating from the expected costs.

i. Delivering the apartments to purchasers and/or tenants without delay (or with a negligible delay) relative to the scheduled date and minimizing quality and inspection problems after delivery to the maximum extent possible along with a high level of service for the tenants after occupancy, to achieve a high level of satisfaction for them, enabling the Company to brand itself as a leading entity in the residential construction market in Düsseldorf and contributing to the Company's ability to successfully market the next phases of the project.

1.7.2.8. Primary barriers to entry and exit for the operating segment and changes thereto

For barriers to entry see section 1.7.2.7 above. The main barrier to exit is the Company's commitment to a 5 year quality and inspection warranty as of the scheduled delivery date of the residential units built as part of the project. Also see section 1.7.2.7(i) above on this issue.

1.7.2.9. Property's type and use

1. Grafental - A land complex zoned as land for a residential development ("Grafental Ost") in a central location in the city of Düsseldorf, on which the Company's "Grafental" residential project is located.

   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. 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.

2. Grafenberg - A land complex with several residential buildings ("Grafenberg"), located in the Grafenberg neighborhood - one of the most expensive residential neighbourhoods in the city of Düsseldorf and near the Company's "Grafental" residential project which is under construction. In December 2021, the Company's application to change the designation of the land to land for residential development was approved. This

projects consists of three sub-phases. Building permits were received for the first phase in December 2022. Building permits for the project's other phases have not yet been received.

Presented below is a table according to the disclosure format used in the income-generating property segment:

Location	Variables	Period (For the year ended)		
		31.12.2024	31.12.2023	31.12.2022
		EUR 000's		
Grafenberg residential area	Number of properties under construction at year end	0	0	0
	Total area under construction (planned) at year end (000's sqm)	14	14	14
	Total costs invested in current year (consolidated) (in commercial currency)	48	78	2,223
	Amount the properties are presented at in the reports at year end (consolidated) (in commercial currency)	**26,800**	30,200	34,900
	Construction budget in following year (estimate) (consolidated) (in commercial currency)*	-	-	-
	Total estimated balance of construction budget to complete the construction works (consolidated) (estimate for year end) (in commercial currency)**	69,504	66,281	78,198
	% of built area of the property for which rental agreements have been signed (%)*	0%	0%	0%

*Due to the preliminary stage of the project and in light of the fact that properties have not yet been built, no data was presented about forecasted revenues. Additionally, no data was presented about the construction budget in the following year as they involve immaterial costs. It should be noted that the Company is continuing to act opposite the local authority to construct and plan the property and the Company is concurrently acting to find a buyer to purchase the land.

**The balance of the budget reflects the anticipated costs to complete construction of the project.

3. Gerresheim - A land parcel ("Gerresheim") in the Gerresheim neighborhood in Düsseldorf, Germany, located in proximity and south of the upmarket Grafenberg neighborhood and near the forest.

Disclosure concerning all of Company's projects

1.7.3. The required data for a very material project

1.7.3.1. Gerresheim virgin land - 193 dunam in the Gerresheim neighborhood, Düsseldorf, Germany

a. Presentation of the project

	As of December 31, 2024
Project name	Glasmacherviertel
Project's location	Glasmacherviertel Heyestrase 40625 Dusseldorf-Gerresheim, Germany
Short description of the project	193 dunam for industrial use. The Company is working towards changing the zoning of the land with the objective to enable the construction of a residential neighborhood. There is no certainty the Company will be able to receive the approval to change said zoning for the land.
Corporation's effective share in the project	100%.
Holding structure of the project (holding description through subsidiaries and the like)	See section 1.1.6 above.
Names of project partners	N/A
Method of presentation in the financial statements	Consolidated
Purchase date of the land on which the project is built	February 2018
Size of the land on which the project will be built	193 dunam
Completion date of construction works [planned]	Not yet determined.
Project marketing commencement date [expected]	Not yet determined.
Marketing completion date [expected]	Not yet determined.
Agreements with lead contractors in connection with the project	Not yet determined.
Commencement date of construction works [planned]	Not yet determined.
Description of legal rights in	Ownership

	As of December 31, 2024
the land (ownership, leasehold and the like)	
Special agreements concerning the project (combination/vacation and construction/other)	N/A
Material exposures of the reporting Corporation to the project	N/A
Has a net realization value been estimated in the reporting period? If yes, disclosure of the base assumptions should be given.	No
Discussion of infrastructures around the project	The construction of the project will require the Company to develop public infrastructure for the complex.
Special issues (material building deviations, soil contamination and the like)	For details about the special issues posing challenges to obtaining the building permit in Gerresheim see the immediate report published by the Company on November 27, 2022 (Ref. No: 2022-01-113352), and the Company's immediate report dated March 28, 2024 (Ref. No: 2024-01-028906) which are included herein by way of reference.

b. State of the project's planning

The state of the planning of the 193 dunam virgin land project, in the Gerresheim neighborhood, Düsseldorf, Germany, (Data are according to 100%, Corporation's share in the project 100%)			
Current state of the planning			
type	**Total building rights (sqm)**	**Total units**	**Comments**
Industrial use	N/A	N/A	
State of the planning after the planned change			
type	**Total building rights (sqm)**	**Total units**	**Comments**
Residential units	Approximately 161,000	1,482	The Company is working to promote the city building plan with the local authority. To date the Company cannot estimate when the permits will be received, and there is no certainty whether the Company will succeed in obtaining these approvals..
Commercial and office areas	Approximately 35,000	N/A	
Kindergartens, school and conservation of a historical site.	Approximately 10,000	3	

c. Costs invested in the project[29]

	2024	**2023**
Total cumulative land costs by the end of the period	141,645	141,645
Total cumulative costs of planning, development, taxes and fees	11,356	11,083
Total cumulative construction costs	-	-
Total cumulative financing costs (capitalized)	45,180	39,134
Total cumulative costs	198,181	191,862

d. No data were presented for marketing, revenue recognition, estimated gross profitability rate and sensitivity analysis of the expected gross profit

[29] In view of the early stages of the project, at this stage only costs which were invested in the project are being presented.

due to the early stages of the project.

e. Specific financing, pledges and legal restrictions relating to the project: The Company has not yet entered into a financing agreement with a bank to finance the construction of the project.

1.7.3.2. Grafenberg virgin land

a. Presentation of the project

	As of December 31, 2024
Project name	Grafenberg
Project's location	Ernst-Poensgen-Allee 3, Grafenberg, Dusseldorf, Germany
Short description of the project	13.5 thousand sqm on which the Company shall build 85 residential units and 139 parking spaces designated for sale.
Corporation's effective share in the project	100%
Holding structure of the project (holding description through subsidiaries and the like)	See section 1.1.6 above.
Names of project partners	N/A
Method of presentation in the financial statements	Consolidated
Purchase date of the land on which the project is built	March 2014
Size of the land on which the project will be built	13.5 thousand sqm
Completion date of construction works [planned]	Unknown
Commencement of project marketing [expected]	Unknown
Marketing completion date [expected]	Unknown
Agreements with lead contractors in connection with the project:	N/A
Commencement date of construction works [planned]	N/A
Description of legal rights in the land (ownership, leasehold and the like)	Ownership

	As of December 31, 2024
Special agreements concerning the project (combination/vacation and construction/other)	N/A
Material exposures of the reporting Corporation to the project	N/A
Has a net realization value been estimated in the reporting period? If yes, disclosure of the base assumptions should be given.	No
Discussion of infrastructures around the project	The construction of the project will require the Company to develop public infrastructure for the complex.
Special issues (material building deviations, soil contamination and the like)	N/A

b. State of the project's planning

Current state of the planning			
Inventory type	**Total building rights (sqm)**	**Total units**	**Comments**
Residential construction	13.5 thousand sqm	85	Building permit for residential use was received in December 2021.

c. Costs invested in the project[30]

	2024	2023
Total cumulative land costs by the end of the period	11,900	11,900
Total cumulative costs of planning, development, taxes and fees	4,797	4,749
Total cumulative construction costs	-	-
Total cumulative financing costs (capitalized)	-	-
Total cumulative costs	16,697	16,649

[30] In view of the early stages of the project, at this stage only costs which were invested in the project are being presented.

d. No data were presented for marketing, revenue recognition, estimated gross profitability rate and sensitivity analysis of the expected gross profit due to the early stages of the project.

e. Specific financing, pledges and legal restrictions relating to the project: The Company has not yet entered into a financing agreement with a bank to finance the construction of the project.

Part IV - Matters generally relevant to the Group's activities

1.8. **Competition**

1.8.1. General

To the best of the Group's assessment, the real estate field in Germany is generally highly competitive, both on the part of domestic developers and primarily on the part of foreign developers, acting with different scopes of investment and who see significant potential with Germany's economic position, and on the other hand – the availability of real estate assets, their relatively low costs and relatively high yield, as a good business opportunity.

The competition in the operating segment is based on the geographic location of the properties. Other companies also offer rentals by most sites in which the Group has properties. Where the properties are similar in level and intended use, the competition relates mostly to the amount of the rental fees, making adjustments to tenant's needs and additional costs (management fees, *Arnona [municipal levies]* and the like).

The competitors include property developers, property companies acting to increase the value of the properties by actively managing rentals and property development, to the extent such an option exists, and on the other hand "financial players" - focusing mainly on the margin between the interest on the loan and the property's return.

The Group deals with the competition, *inter alia*, by (1) the Group acting as a "domestic player" focusing on activity in the German market (since 2004), (2) being thoroughly familiar and knowledgeable of the local laws and regulations relevant to the property market, (3) the business relationships the Group has developed with bodies involved in the German property market which give it access to a large variety of transactions and investors before they reach the market, (4) the Group's ability to quickly close transactions (buying and selling) due to a unique methodology, transaction analysis and underwriting ability within the Group, and (5) high access to banks and local financing bodies.

The Group employs a staff in Germany of approximately 71 employees (of the Company's 80 total employees) enabling it to actively manage the properties by harboring a direct relationship and general familiarity with the tenants, ability to supervise and quickly respond to the tenants' demands, physical defects and collection problems, and good familiarity with market conditions in each region in which the Company's properties are located and good connections with local marketing bodies. In addition, the management platform developed by the Group in Germany enables it to reduce the overall management costs compared with management by a third party.

1.8.2. Operating segment - income-generating property

The income-generating property segment is relatively decentralized compared with other European countries. To the best of the Company's assessment, the sector is generally highly competitive, both on the part of domestic developers and on the part of foreign developers, acting with different scopes of investment who see significant potential with the state of the German economy, and on the other hand – the availability of real estate assets, their relatively low costs and relatively high yield, as a good business opportunity.

To the best of the Company's knowledge, a large number of players act in the income-generating residential property segment which include, *inter alia*, public real estate companies and large and resourceful real estate groups, institutional investors (building funds and German and international insurance companies), and a number of private real estate companies and private investors usually purchasing single income-generating properties. **It should be noted that as of the date of the report, the scope of the Group's operations is immaterial in relation to the total German real estate market.**

1.8.3. Operating segment - residential development properties

Other than projects which are much smaller than those of the Company, the Company has not identified any project as its main competitor.

1.9. Property, plant and equipment

1.9.1. Group's offices

The Company's offices are located in Amsterdam. The Company also has other offices throughout Germany from which the Property Management Company manages the properties (hereinafter collectively: the "**Company's offices**").

The Company rents the Company's head offices as a primary tenant, in consideration for monthly rental fees totalling approximately EUR 7 thousand.

1.9.2. Fixed assets

The Group does not have a material scope of fixed assets. The fixed assets serving the Group's activity in the operating segment includes vehicles, furniture, computers and other equipment.

1.10. **Human Capital**

1.10.1. The Group's employees: The Group's employees and service providers as of December 31, 2024 and December 31, 2023 are as follows:

Employing company	Position at the employing company	No. of employees	
		As of December 31, 2024	As of December 31, 2023
The Company	CEO[31]	1	1
	Administration	1	2
	Bookkeeping	1	1
	CFO	1	1
	Controller	1	1
	Finance department	1	-
S.I.B. Capital Future Markets Ltd.	IT person and administrative services	2	2
	Finance department	1	1
The Property Management Company (property management)	Bookkeeping	13	15
	Administration	4	9
	Property management/marketing/technical	49	67
Grafental project management	Bookkeeping	-	1
	Administration	1	2
	Project management	4	8

[31] It should be noted that the Company's CEO is not paid a salary by the Company.

Employing company	Position at the employing company	No. of employees	
		As of December 31, 2024	As of December 31, 2023
company			
Total		**80**	**88**

As of the publication date of the report, as part of cost-cutting and optimaization mesaures being taken by the Company, the Company is in the midst of a process of transferring employees engaged in property management to be employed by LEG, who shall continue to provide the Company with operating services in the same scope and format as prior to the transition. As of the publication date of the report, it has not been determined that the Company will pay any consideration for these services.

1.10.2. Employment agreements

Most of the Group's employees are engaged under personal employment agreements for unfixed periods of time. It should be noted that the termination of the employment of the Group's German employees is subject to German labor laws according to which an employee may only be dismissed for a material reason and following a procedure established by law.

The employment agreements regulate the employee's position, scope of employment and number of work hours, sick days and vacation days, and the termination of the employment. It should be noted that the legal arrangements concerning dismissal under German law are different to those under Israeli law and German labor laws are generally in favor of the employee. The law in Germany does not provide for severance pay, but at the same time, it is difficult to dismiss an employee and companies employing more than 20 employees[32] are subject to even stricter labor laws. Such a company, wishing to dismiss an employee must prove a reasonable reason for the employee's dismissal and until otherwise proven the employee is able to institute legal action against the company and continue to be employed by it

[32] Relevant to the Property Management Company.

throughout that period until it has been proven that the dismissal was made for a reasonable reason. Social insurance is partly paid by the employer.

All of the Company's senior officers have signed a non-disclosure and confidentiality undertaking, including independent contractors, according to which the employees undertake to maintain confidentiality of all matters relating to the operations and the business secrets of the Group members during the term of their employment and thereafter, which came to their attention during the term of their employment.

The Group trains its employees from time to time through courses and professional training.

1.10.3. The Group's office holders and members of the senior management

a. The senior management of the Group is comprised of the board of directors, the CEO and CFO.

b. For details concerning changes to the Company's board of directors during and subsequent to the reporting period, see section 6.6 of the board of directors report attached as Chapter B to this report.

c. For more information concerning the Company's senior office holders according to the provisions of Regulation 26A of the Securities (Periodic and Immediate Reports) Regulations, 1970 (hereinafter: the "**Report Regulations**") see regulation 26 of Chapter D, attached to this report.

d. For more information concerning the terms of office of the five highest paid salaried personnel according to the provisions of Regulation 21 of the Report Regulations see Regulation 21 of Chapter D, attached to this report.

e. For information regarding the Company's remuneration policy of the Company's senior office holders see Regulation 21 of Chapter D attached to this report.

1.10.4. Material dependence on key employees

The Company estimates that it does not have a dependency on any of its senior office holders or on employees of the Group.

1.11. Financing

1.11.1. Definitions

For ease of reference, presented below are the definitions of the major terms used in this section:

"LTV" Loan to Value Ratio - the ratio between the amount of the loan on the examination date and the fair value of the property according to an appraisal as of that date.

"DSCR" Debt Service Coverage Ratio - debt coverage ratio, calculated by dividing the net operating income (NOI) of the borrower in the examined period by borrower's debt service costs and expenses in the examined period (namely, the interest and principal payments in the examined period).

1.11.2. Average and effective interest rates

Presented below is an overview of the average interest rate and effective interest rate for the loans of the Company and its consolidated companies, segmented into short-term and long-term credit, from bank and non-bank sources in 2024.

	Average interest rate		*Effective interest rate*	
	Short-term credit and loans	*Long-term loans*	*Short-term credit and loans*	*Long-term loans*
Bonds	-	*4.70%*	-	*5.01%*
Banking sources	-	*3.76%*	-	*3.76%*
Other non-bank sources	-	-	-	-
Average rate	-	*3.88%*	-	*4.25%*

1.11.3. Credit facility

As of the date of the report, the Company has no executed credit facilities from banks.

1.11.4. Financing restrictions applicable to the Group

1.11.4.1. Financial covenants established in financing agreements that the Group members are party to:

In some of the financing agreements the property companies are required to undertake certain financial and other obligations. The failure to comply with these obligations constitutes, in some instances, cause for acceleration by the lender, according to the terms and conditions specified in the financing agreements and as is customary in these types of agreements.

As of December 31, 2024, and as of the publication date of the report, the Company is in compliance with all of the financial covenants established in the financing agreements that the Company is party to. For more information concerning the manner of calculation of the financial covenants in material loan agreements for the Company see the table in section 1.11.5 below.

1.11.4.2. Change of control provisions established in the financing agreements the Group members are party to:

As aforesaid, in some of the financing agreements with banking institutions the property companies are required to undertake that no change of control shall take place on the level of the property company and up to the Company's level (BCP). It should be noted that as of the date of the report, the Company has received all the aforementioned necessary approvals from banking corporations in connection with the provision regarding a change of control at the Company.

Similarly, in the framework of the deeds of trust for Bonds C and D it was determined that a transfer of control in the Company (as defined in the

Securities Law), either directly or indirectly, in a manner that ADLER shall no longer be the controlling shareholder of the Company constitutes cause for acceleration and/or enforcement of collaterals, as the case may be. In this context, on December 10, 2024, the trustee for the Company's bonds published a notice convening a meeting of Bondholders (Series C and Series D), for the Company to report the transaction resulting in it having a change in control (described above in section 1.1.1), and to discuss said change in control in light of the provisions of the trust deeds for the bonds regarding the change of control. On January 3, 2025, the Company announced full and early repayment of Bonds (Series C and D) and there are therefore no grounds for acceleration.

1.11.4.3. Pledges and guarantees:

To secure loans from banking institutions, pledges have been registered properties, on the bank account to which rental fees are paid, assignment of rights for rental payments, assignment of rights for the property's insurance policies and pledges on the shares of the property companies.

It should be noted that the outstanding bank loans are non-recourse loans to the borrower.

Pledges have been registered over the shares of BGP, the Company's subsidiary, to secure the Company's undertakings to its Bondholders (Series B, C and D). Due to the full redemption of Bonds (Series B) and the early redemption of Bonds (Series C and D), the pledges registered over BGP shares as described above were released from the trustee. For additional information about this matter, see Part B of the Company's board of directors report for 2024, attached as Chapter B to this report.

1.11.5. Presented below is an overview of the Group's loans, material pledges and credit from banking institutions as of December 31, 2024:

#	The borrowing corporation	The lender	Date loan given	Amount of the original loan (EUR 000's)	No. of installments (principal + interest)	Outstanding principal as of 31.12.2024 (EUR 000's)	Final repayment date	Pledges/collaterals	Annual interest	Restrictions applicable to the Company in connection with the loan	Financial liabilities	Comments
1	Portfolio loans[33]	Foreign banking institution	January 18, 2021 (the loan was extended on June 1, 2023)	100,492	A fixed amount of approximately EUR 588 thousand is repaid on account of the principal once quarterly. Payment of the interest	90,463	June 30, 2026.	First priority pledge on the properties (6 residential complexes, 2 commercial and office buildings, known as the Panther Portfolio). Pledge on the bank accounts and insurance receivables and	Fixed interest at the rate of 4.7% on the part of the loan which finances the residential complex (EUR 81,463 thousand) Variable interest at the rate of 1.71% + 3M Euribor on the part of the loan which finances the 2 commercial properties (EUR	The borrower should inform the lender in advance of any change of control in the property company. For this purpose change of control means a change of 50% or more in the share holdings of the property	LTV lower than 65% DSCR higher than 135%	(1) Non recourse loan; (2) the financial obligations are on the property group level; (3) it should be noted that this loan was extended on June 30, 2023.

1.1.1. [33] Tendered to Brack Capital (Hannover) B.V, Brack Capital Gelsenkirchen GMBH&Co. KG, (Ludwigsfelde) B.V, Brack Capital (Neubranden-burg) B.V, Brack Capital Germany (Netherlands) XIX B.V, Investpartner GMBH(Wuppertal), Brack Capital Germany (Netherlands) XXX B.V. (Velbert).

#	The borrowing corporation	The lender	Date loan given	Amount of the original loan (EUR 000's)	No. of installments (principal + interest)	Outstanding principal as of 31.12.2024 (EUR 000's)	Final repayment date	Pledges/collaterals	Annual interest	Restrictions applicable to the Company in connection with the loan	Financial liabilities	Comments
					accrued on the outstanding balance of the principal is also made at the same time.			assignment of the rental fees in favor of the lender.	9,000 thousand).	company.		

1.11.6. **<u>Additional information about the Company's material credit</u>**

1.11.6.1. <u>Bonds</u> - For information about the Company's Bonds (Series C) and Bonds (Series D), which as of the date of the report constitute material credit for the Company pursuant to Legal Position 104-15 of the Israel Securities Authority (Reportable Credit), see Part D of the board of directors report. **It should be noted that the Company's Bonds (Series B) were repaid in full on December 31, 2024, and subsequent to the date of the report, in January, 2025, the Company made full early redemption of all Bonds (Series C and D), in circulation.**

1.11.6.2. <u>Loan from the former controlling shareholder</u> - For details about a credit facility taken by the Company from ADLER, its former controlling shareholder, which the Company fully repaid on August 7, 2024, see section 3 under Regulation 22 in Chapter D of this report.

1.11.6.3. <u>Loan from the current controlling shareholder</u> - On December 24, 2024, further to the approval of the Company's audit committee and board of directors of December 23 and 24, 2024, respectively, the Company entered into a loan agreement with LEG whereby LEG will provide a loan to the Company and subsidiaries of the Company, in an amount totaling up to EUR 33.3 million (the "**first LEG loan**"), with the objective of repaying a loan taken by the Company from a foreign banking corporation which matures on March 31, 2025. As shall be described below in section 1.11.7.2, due to the beneficial terms of the credit facility received by the Company from LEG, the Company's board of directors decided to not draw the first LEG loan.

1.11.6.4. <u>Bank financing</u> - The Group usually takes bank loans for a group of assets and/or for a specific asset. The loan is a non-recourse loan to the Company secured, *inter alia*, by pledging the rights in the asset and/or group of assets, as the case may be. The Group's bank loans as of December 31, 2024, total approximately EUR 341.1 million. For details regarding the

Company’s material loans, see section 1.11.5 above.

On December 12, 2024, the Company entered into a refinancing agreement with respect to an existing bank loan (the balance of the loan comes to EUR 11.9 million as of December 31, 2024, whose original maturity date was on December 30, 2024, subject to 1.32% fixed annual interest) (hereinafter in this section: the “**loan**”). Pursuant to the new agreement, the term of the loan was extended by 9 months (the new maturity date is September 30, 2025) and the annual interest rate has been updated to 3.99%.

As of December 31, 2024, the Company’s financial liabilities, which included bank loans and Bonds (Series C and D) (which were repaid in full subsequent to the date of the report) total approximately EUR 563.3 million.

1.11.7. **Credit amounts received subsequent to the reporting date and by the publication date of the report**

1.11.7.1. For details regarding the Company entering into a loan agreement with LEG, the Company’s current controlling shareholder, on January 3, 2025, for the purpose of financing the full and early redemption of all of the Company’s bonds, see section 2 under Regulation 22 of Chapter D to this report. The loan amounts were received in January 2025 and they were used to execute full early redemption of Company’s Bonds (Series C and D) in January 2025.

1.11.7.2. On February 9, 2025, further to the approval of the Company’s audit committee and board of directors of February 6 and 7, 2025, respectively, the Company entered into financing agreements with LEG NRW GmbH, a sister company of LEG, the Company’s current controlling shareholder, as specified below (hereinafter in this section: the “**financing agreements**”):

a. A loan agreement whereby the Lender will provide the Company and subsidiaries of the Company with a loan of up to EUR 85 million, without the Company providing any collateral, with the objective of affecting early repayment of a loan taken by the Company from a foreign banking corporation which matures on June 30, 2026. The loan amounts were received on February 13, 2025 and they were used to affect early repayment of the loan obtained by the Company from a banking corporation as stated above that same day.

b. A credit facility agreement with the lender in an amount of up to EUR 40 million, without the Company providing any collateral (the "**credit facility**"). As of the publication date of the report, the Company has not yet utilized any amount of the credit facility.

For further details about the financing agreements described above, see section 1.2 under Regulation 22 in Chapter D of this report.

1.11.8. Company's credit and bond rating by Maalot

For additional information see section 14 of the board of directors report for 2024, attached as Chapter B to this report.

1.11.9. Company's assessments concerning the need to raise funds from additional sources

As of the date of the report, the balance of the Company's cash and cash equivalents totals approximately EUR 75.4 million.

As of the publication date of the report, the Company assesses that it has the sources needed for its current operating activities. The Company is nonetheless continuing to examine from time to time its financing alternatives if so necessary, based on the financial advantages for the Company inherent in these possibilities, including the implementation of its commercial strategy and to refinance debt, based on the financial conditions prevalent at the time in the market.

The Company's above-stated assessment with respect to its need to raise capital falls within the definition of forward-looking information, as defined in the Securities Law. Among other things, this information is based on the Company's state of liquidity, its working plan for the upcoming year and the subjective

assessments of the Company's management. The assessment may materialize differently, including materially differently, due to various factors not within the Company's control, including, among other things, changes in the interest and inflation environment, an economic slowdown or financial crisis which may result in a decline in the available sources of financing, or a tightening of the conditions to receive such or other changes in the state of the capital markets which may impact the need or ability to raise additional sources of financing or due to the materialization of one or more of the risk factors specified below in section 1.21.

1.12. Working capital

Consolidated	Carrying amount in the financial statements (EUR 000's)	Adjustments (for a twelve month period in EUR 000's)	Total (in EUR 000's)
Current assets	121,153	-	121,153
Current liabilities	154,771	-	154,771
Surplus (deficit) of current assets over current liabilities	(33,618)	-	(33,618)

The deficit with the Company's working capital derives from two bank loans, totaling approximately EUR 61.3 million, being classified as 'current liabilities' due to the fact that they mature in 2025. Subsequent to the date of the report, in February 2025, the Company repaid these two loans, thus, as of the publication date of the report, the Company has no working capital deficit.

1.13. Insurance

1.13.1. Insurance of the Group's operations and property: As part of its current operations in Germany, the Group insures its operations and property under various insurance policies by local insurance companies, as follows:

a. Property insurance against the customary risks in Germany for the various properties owned by it including loss of rental fees for an indemnity period of up to 36 months, according to the event.

b. Third party liability insurance with liability limits of EUR 35,000,000 per event and for an insurance period of one year covering the Group's buildings in connection with maintenance, operation and management of the buildings in Germany.

c. It should be noted that the annual insurance premiums total approximately EUR 1.5 million.

For information regarding the Group's engagement with ADLER Assekuranzmakler GmbH & Co. KG, a subsidiary of ADLER, as an insurance broker (the "**insurance broker**") to engage in various insurance policies see Regulation 22 of Chapter D attached to this report.

1.13.2. Company's directors and office holders liability insurance: See Regulation 29A of Chapter D: "Additional Details regarding the Corporation", attached to this report.

1.14. **Taxation**

1.14.1. Main tax aspects in Germany

Corporate tax and corporate tax rate: The revenues of the subsidiaries generated from real estate in Germany (from both rental fees and sale of properties) are subject to corporate tax in Germany. The rate of the corporate tax in Germany is 15.825% (including solidarity tax).

Local trade tax: In addition to the corporate tax, local trade tax is imposed in Germany (Trade Tax). The local trade tax does not apply to revenues arising from passive holding of real estate subject to various terms and conditions.

Rate of tax withheld at source from dividends: According to domestic German law, tax at the rate of 26.375% is withheld at source from dividends paid to foreign residents subject to the elimination of double taxation treaties that Germany is party to and the EU parent-subsidiary directive, according to which tax is not withheld at source from dividends between two EU member states[34] subject to minimal holding rates and a minimal holding period.

Rate of tax withheld at source from interest: According to domestic German law no tax is withheld at source from interest paid to foreign residents other than interest paid on certain bonds and profit participating loans - in these cases tax at the rate of 26.375% is withheld at source, subject to the provisions of the elimination of double taxation treaties that Germany is party to and the EU interest and royalties directive, according to which tax is not withheld at source from interest between two EU member states[35] subject to a minimal holding rate.

Capital gains: Generally, capital gains are included in the calculation of the taxable income as regular income which is subject to corporate tax (other than capital gains from the sale of shares by a company which is exempt from tax under certain conditions).

Recognition of financing costs: As of 2008 "Interest Barrier rules" apply in Germany which have replaced the thin financing rules. Under these rules the deduction of a company's net interest costs is limited to EUR 3 million per year. If a company's net interest costs exceed EUR 3 million, the interest costs which may be deducted for tax purposes shall not exceed 30% of the company's EBITDA. The part which may not be deducted is carried forward to future years and will be added to the demanded interest costs up to a ceiling of EUR 3 million or 30% of the company's EBITDA, whichever is higher.

1.14.2. The avoidance of double taxation treaty between the Netherlands and Germany

Corporate tax: According to the double taxation treaty between the Netherlands and Germany, the revenues of the subsidiaries from real estate in Germany (from both rental fees and sale of properties) are subject to corporate tax in Germany and are

[34] It should be noted that the Netherlands and Germany are both EU member states.

[35] It should be noted that the Netherlands and Germany are both EU member states.

exempt from corporate tax in the Netherlands.

Capital gains: Capital gains from the sale of shares of a Dutch company (by a Dutch company) whose assets mostly include real estate in Germany shall be taxed in the Netherlands, and as of January 1, 2019, shall also be taxed in Germany, following changes in the German tax laws. However, the change only applies to capital gains which accrued as of December 31, 2018. It should be noted that 95% of the capital gains will be exempt from tax in Germany.

Capital gains from the sale of shares of a German company (by a Dutch company) whose assets mostly include real estate in Germany shall be taxed in Germany as follows: 95% of the capital gains will be exempt and the balance will be subject to overall corporate tax at the rate of 15.825%.

1.14.3. Taxation in the Netherlands

Corporate tax: Applies to the global income (from any source) of a Dutch resident company at the rate of 19.0% in the reporting period on annual income of up to EUR 200,000 and at the rate of 25.8% on taxable income beyond an annual sum of EUR 200,000, subject to certain exemptions established under Dutch tax laws.

Participation exemption in the Netherlands: One of the exemptions established under Dutch tax laws is the participation exemption according to which a Dutch company (the "holding company") which meets certain conditions may be entitled to a tax exemption on its income from dividends and capital gains deriving from shares held by it in another company (the "investee company"). The exemption shall apply to any holding in an investee company (at the rate of 5% and more) if the holding is not deemed as being a holding for passive investment (the "intention test").

Real estate companies: Real estate assets are not regarded as passive income. The participation exemption therefore applies to real estate companies.

Rate of tax withheld at source from dividends: According to domestic Dutch law, tax at the rate of 15% is withheld at source from dividends paid to foreign residents subject to the elimination of double taxation treaties that the Netherlands is party to, the EU parent-subsidiary directive and Dutch tax laws. For more information see section 1.4.1 above.

Rate of tax withheld at source from interest: According to domestic Dutch law, no tax is withheld at source from interest paid to foreign residents other than interest paid on certain bonds and profit participating bonds - which are subject to the same provisions which apply to tax withholding at source on dividends (as described above).

Capital gains: Generally, capital gains are included in the calculation of the taxable income as regular income which is subject to corporate tax. Profit from the sale of shares by a Dutch company is exempt from tax in the Netherlands subject to compliance with the participation exemption conditions established under Dutch law (see above with respect to the applicability of the participation exemption to the Company).

1.14.4. Taxation in Israel

BCP is a Dutch resident company, and therefore, according to the provisions of the Israel Tax Ordinance [New Version], 1961 (the "**Ordinance**"), and the provisions of the treaty between Israel and the Netherlands concerning the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income (the "**treaty**"), BCP will only be liable to tax in Israel for income generated or accrued in Israel and for capital gains from the sale of real estate in Israel or rights in a real estate association in Israel and on capital gains from the sale of movable property used as part of the assets of a permanent establishment of BCP in Israel.

1.14.5. Tax assessments

For information concerning the tax assessments of the Company and/or any of the subsidiaries, including with respect to a possible tax liability of the subsidiaries, see Note 15 to the Company's consolidated financial statements, attached as Chapter C to this periodic report.

1.14.6. Effective tax rate

The tax rate in the Netherlands is 25.8%, as stated above, but the vast majority of the Company's revenues derive from dividends and capital gains from the subsidiaries abroad holding real estate in Germany, which are exempt by virtue of the participation exemption.

1.14.7. Losses for tax purposes

See Note 15 to the Company's consolidated financial statements, attached as Chapter C to this report.

1.15. Environmental hazards and their management

In 1999 the Federal Soil Protection Law was enacted in Germany aimed at regulating the handling and rehabilitation of contaminated lands, imposing the responsibility therefor on the purchasers of the lands. The law wishes to afford long-term protection to the lands by preventing damage to the quality of the land, repairing the existing damages, and includes provisions aimed at preventing the creation of new problems.

In addition, the local authorities maintain a registry (Altlasten) in which plots are registered if the area in which they are located is classified as an area which consists of contaminating materials. Accordingly, in the event that land is purchased, the purchaser of the property is responsible to the authorities to remove the hazard (irrespective of whether of not the land is registered in the registry). In the event of land development or construction on land classified in the registry as dangerous or in the event of rezoning, the relevant authorities may conduct an independent examination of the contamination potential and if contamination is identified the owner of the property or those who caused the contamination are obligated to neutralise it.

The contaminants are divided into two main types: Soil contamination and groundwater contamination, with the second being more severe since its disposal costs are higher. Throughout Germany there are entire areas and regions whose groundwater is contaminated due to war damages, heavy industry and mines and the use of contaminants which were buried underground and were not removed in an orderly manner.

As part of the purchase process of the properties, the Group members are required to comply with relevant standardization provisions if any exist with respect to air pollution and environment protection. As part of its due diligence examination, the Group conducts preliminary examinations on environmental issues; on contaminations according to the registry and for various indications and suspicions of contaminations. Only after the issue is examined is a decision made with respect to the acquisition. The Group has a policy which establishes that an examination shall be conducted by an expert before the acquisition of the property in the event of a real suspicion of contamination.

As of the date of the report, the Group did not purchase a property the subject of material suspicions or registration concerns. No concerns prevented the Group from obtaining financing for these properties and no concerns bothered the financing banks with the valuations they performed for themselves. With respect to the Gerresheim land - the land was remediated from its industrial contamination and approximately 90% of the upper soil layer up to a depth of about 3 meter was replaced by the seller under the supervision of the relevant authorities, including the environmental department of the municipality of Düsseldorf.

To the Company’s best assessment, the cost of the examinations conducted by the Group members and the cost of handling environmental issues are not material to the Group.

To the Company’s best of the Company’s knowledge, it does not own any property (i) whose current use may be prohibited or limited as a result of soil contamination problems; (ii) the subject of an investigation by the authorities and which may be restricted, or (iii) which requires repair/rehabilitation/remediation due to soil or groundwater contamination problems.

1.16. **Restrictions and supervision of the Corporation's activities**

1.16.1. **General**

1.16.1.1. Real estate sale laws in Germany

Under German law, real estate transactions are executed through a notary public who acts as a neutral party and constitutes a kind of a guarantee until the transaction is completed. The notary's role is to secure the rights of the purchaser and the seller, while usually the consideration for the purchased property is transferred to the notary in trust and is secured by him/her until the registration in purchaser's name without any opposing right is secured. It should be emphasized that the completion of a real estate purchase transaction involves the registration of the rights and transfer of the ownership or leasehold rights (hereinafter: the "**proprietary rights**") to purchaser's name in the registrations of the land registrar. Under German law, the transfer of the proprietary rights is completed upon them being registered in the land registry according to a notarial agreement concerning the transfer of the proprietary rights. The transfer of the consideration to the seller is subject to complying with the following conditions: (1) the notary checked and found that no cautionary notice/caveat to the contrary is registered on the property. The notary causes a cautionary notice/caveat to be registered in purchaser's name to secure purchaser's right to have the ownership in the purchased property transferred to his/her name; (2) the notary checked and found that the required legal and governmental confirmations to complete the transaction were received, including the municipality's waiver of its right of first refusal concerning the property; (3) the notary checked and found that certificates were received confirming that pledges and limitations on the transfer of rights in the sold property were removed (excluding pledges that at purchaser's consent will remain registered on the property). Under German law there are several rights in real estate, including, *inter alia*, the following rights:

a. Ownership right, leasehold right and ownership right in a part of a condominium.

b. The leasehold right is a proprietary right for a long period of time (up to 99 years) which may be bequeathed and assigned. A leasehold right is registered in a separate section in the land registry. Under German law, a leasehold right is similar in nature to an ownership right but is limited in time to 99 years with an option for an extension. The lessee may pledge its right (under a mortgage and other pledges) and in these circumstances the consent of the land owner will usually be required.

c. The ownership right in a condominium is an ownership right in a specific part of the building and common and non-specific ownership of all the owners of the specific parts in the common property located within the building.

d. Real estate in Germany is divided into plots which are defined in the land registry as blocks and/or plots which are recorded separately in the land registry. These records include information concerning the land, the holders of the rights in the land and concerning rights of third parties with respect to the land.

The registry is divided into three parts as follows: first part - regulates the identity of the holders of the land (whether they are owners or lessees). The second part - regulates the existing restrictions on the land which do not serve as collateral for a financial liability of third parties (such as easements, right of refusal of a local authority, leasehold right and the like) and a third part - the registration of pledges and liens to secure obligations towards third parties such as a mortgage to a financing institution and the like.

1.16.1.2. <u>Site protection and conservation</u>

Under local law, the Authority for the Protection and Conservation of

Cultural-Historic Sites (the "**Conservation Authority**") acts in Germany, which enforces the proper use of buildings with cultural-historic background, and which manages, *inter alia*, a registry of buildings designated for protection and conservation. Under German law, buildings with cultural-historic background are subject, *inter alia,* to the following protective provisions: (1) right of refusal - the sale of land with a property classified as cultural-historic according to the law is subject to the local authority having a right of first refusal, if the local authority intends to conserve the property. This right of refusal may be exercised within two months from the date on which notice is given to the local authority of the sale of the property; (2) change in nature of use of the property - the Conservation Authority is required to be notified of any change in the nature of use of the property; (3) conservation and re-building obligations - the owners and users of the property are obligated to make proper use of the property and conserve it as a cultural-historic property. If the property is adversely affected the Conservation Authority may instruct to restore the property to its previous condition; (4) approvals required to perform actions on the property - any action with a property classified as a cultural-historic property, including the re-construction of a cultural-historic property, changes therein, external painting and covering, signs and advertisement, demolition and cleaning require the approval of the Conservation Authority.

The Company has a single-digit number of small buildings (all used for residential rentals) designated for conservation. The only limitation which applies to these properties is when material renovations are performed on the facade of the building. In such circumstances the owner is required to obtain the approval of the building conservation department at the local authority under which the owner undertakes to conserve the building and the configuration of the original facade. It should be noted that as of the execution of the report, the Company does not intend to renovate any of the facades of the buildings designated for conservation and therefore no action is required of the Company in that regard. It should also be emphasized that the Company has not initiated any procedure to obtain a building permit for any of the buildings designated for conservation.

The Company's intention presented above regarding non-performance of renovations on the facades of structures zoned for preservation, as aforementioned, constitutes forward-looking information, as defined in the Securities Law. Among other things, said information is based on subjective assessments and estimates made by the Company's management. The information may eventuate in whole or in part, or may eventuate materially differently than that anticipated by the Company, as a result of changes in the Company's plans and as a result of various factors not within the Company's control (including factors associated with the realization of one or more of the risk factors described below in section 1.21.

1.16.1.3. Planning and building laws

Under German law, planning issues and urban building plans are governed by Federal German legislation, while issues relating to the building of projects, including building permits, are governed by state laws which are unique to each area (according to an internal division within Germany which is divided into 16 states). German law provides that as a general rule, the construction of a project requires for a permit to be issued by the relevant authority, which is issued following the submission of a proper application and compliance with required conditions. The permit is valid for a fixed pre-determined period (according to state law) and it expires at the end of said period. Accordingly, construction without a building permit, violation of the terms of the building permit, failure to comply with building safety instructions may lead to the imposition of penalties on the developer of the project. In addition, in certain events (for instance, if the building poses a risk to public health and cost-effective repair is not possible, or in the event of construction without a permit in violation of a material construction or planning directive) the relevant authorities in Germany are vested with the authority to instruct the owner of the building to demolish it. As a general rule, renovating buildings that does not change the appearance of the building and does not require re-zoning does not require a permit from the local authority. It should be noted that as of the execution date of the report, the Company complies with all of the requirements of the German planning and building laws, including the need to receive building permits for the renovation of buildings where the scope and/or nature of the renovation requires a building permit, and carries out any action for which a building permit was given according to terms and conditions of the relevant permit.

1.16.1.4. Environmental laws

See section 1.15 above.

1.16.2. **Restrictions and supervision of the Corporation's activities relevant to the income-generating property segment**

The income-generating property segment is governed by various laws regulating the activity in this segment, including real estate legislation and legislation regulating lessor-lessee relationships. The Group is subject to the supervision and control of the various authorities with which the Group members interact as part of its activity in the operating segment.

Among other things, the following laws and regulations apply to the Group and affect the Group's activity in Germany:

1.16.2.1. Rental laws in Germany applicable to the income-generating commercial property segment[36]

a. **The written requirement for rental agreements** - under German law, there is no formal requirement for a rental agreement. However, a rental

[36] According to that stated in section 1.2 above, the Group's income-generating commercial property activity is not defined as an operating segment

agreement for a period which exceeds one year, is required to be written. If the writing requirement is not properly and fully complied with, the agreement shall be deemed valid for an unlimited period of time and may only be terminated through the provision of prior notice according to a period established by law. Currently, commercial rental agreements customarily include a defect curing clause with respect to the writing requirement (hereinafter: the "**curing clause**") to cure any violation of the writing requirement and prevent the parties from terminating it before the termination of the agreed rental period. Violations or defects concerning the written requirement may be cured by amending the rental agreements in a manner that it will comply with the written requirements under German law. However, the parties will only be required to enter into such an amendment if a curing clause as aforesaid was included in the original rental agreement. Germany does not have a rental registry or any other official registry validating rentals towards third parties.

b. **Revising/raising rental fees** - German law only imposes restrictions on increasing rental fees for residential rental agreements. For non-residential rental agreements, a mechanism is typically established in the rental agreement updating the rent in accordance with changes in the Consumer Price Index. The rent must be updated in both directions (namely, it must be increased or decreased, as the case may be). Agreement on updating rent as aforesaid can only be made if the rental period under the agreement exceeds 10 years, either due to the fixed period stipulated in the agreement or due to a combination of the fixed period together with contractual option periods.

c. **The rental period -** under German law, the maximum pre-determined rental period in a written rental agreement is 30 years. After 30 years each party has the right to terminate the agreement through the provision of three months' prior notice before the requested termination date.

This period of time is established by law. The rental period in commercial rental agreements is typically between three to twenty years. Additionally, rental agreements typically include options to extend rental agreements by five additional years subject to the provision of prior written notice (usually 6 or 12 months in advance) and/or automatic extension options for additional one or two year periods at the end of the rental period, if neither party has terminated the agreement earlier.

d. **Early termination of the agreement and evicting the tenant** - under German law, a rental agreement will terminate at the end of the rental period upon the occurrence of a default event or according to the parties' mutual consent. German law provides that with respect to a rental agreement which is unlimited in time each party may terminate it according to the termination dates established by law or by agreement. A party to a rental agreement for a pre-determined period may only terminate it unilaterally for a "proper reason" - such as tenant's failure to pay the rent on the one hand or preventing the tenant from exercising their right to use the asset according to the agreement, on the other. For information concerning the eviction of tenants from the premises see sub-section 1.16.2.2(e) below.

e. **Obligation of the owner of the property towards the tenants upon sale -** under German law, if the owner of the property gave notice of its sale then the tenant has the right to terminate the rental agreement. If the owner of the property did not give notice of the sale, then the owner will be responsible for the fulfillment of the obligations of the new purchaser, which entered its shoes, towards the tenant. The rental agreement is automatically transferred to the new purchaser and it does not have to be re-executed by the parties. If the tenant deposited collateral and by the end of the rental period the purchaser of the property does not return the collateral, the former owner of the property will responsible for returning it to the tenant.

f. **Operating costs -** under German law, the owner of the property is responsible for the payments and costs applicable to the property ("Nebenkosten"), such as taxes, insurance premiums, "superintendent" costs, cleaning, heating and the like. This provision can be contracted out in a rental agreement. In practice it is customary for the tenant to bear some of the operating costs of the property, while usually, the calculation is made according to the ratio between area of the premises rented to the tenant and the property's total area.

g. **Repairs and maintenance** - under German law, the owner of the property is responsible for repairs and maintenance. However, the parties typically come to a different agreement on this matter. It is customary for the owner of the property to be responsible for repairing and maintaining the roof and structure of the rented asset ("Dach und Fach") while the tenant is responsible for all the repairs and maintenance within the rented premises. It is usually agreed that the tenant is responsible for the internal design repairs ("Schönheitsreparaturen"), including plaster, paint and the like during the rental period. It should be noted that according to recent rulings in Germany, the tenant's obligation to carry out internal design repairs may be invalid in certain circumstances (such as the tenant's obligation to renovate the rented premises at the end of the rental period).

1.16.2.2. <u>Rental laws in Germany applicable to the income-generating residential property operating segment</u>

Presented below are the provisions of the German law applicable to residential rental agreements. All other provisions of the German law concerning rental agreements (including, without derogating from the generality of the aforesaid, formal requirements, the written requirement and early termination of a rental agreement for a pre-determined period, the responsibility of the owner of the property after the sale of the rented property to another) which are described in this section apply to both commercial and residential rental agreements.

a. **Costs and payments** - under German law, the owner of the property is responsible for the payments and costs applicable to the property “Nebenkosten”. The parties may agree between them that the tenant will pay these payments and costs. There are legal limitations on the participation rate of tenants in these expenses under residential rental agreements. Expenses which may be imposed on the tenant are established by law and include, *inter alia*, real estate taxes, structural and third party insurance premiums, costs of garbage disposal, sewage, water, electricity, heating, lighting, gardening, “superintendent” and elevator operating costs. The parties may agree on a mechanism for the payment of down-payments on a monthly basis (or in certain cases - on a quarterly basis) for these expenses. By the end of a rental year and within a year from that date, the landlord is required to provide the tenant with a full breakdown of the expenses for that rental year, specifying in detail the manner in which these expenses are allocated among the tenants of the property, and according to which a calculation shall be made between the parties with respect to the payment which was actually made (either over or short). In this context it should be noted that the Company generally subjects the tenant to the payments and expenses which fall on the property in accordance with the restrictions established by law in this regard as stated above. The Company also collects an advance from the tenant for these expenses and performs an annual accounting of the actual payment made.

b. **Repairs and maintenance -** under German law, the owner of the property is responsible for repairs and maintenance of the property.

c. **Updating rental fees** - the German code (Bürgerliches Gesetzbuch – BGB) regulates most aspects overseeing rental payments, including rental increases, as described below:

1. **General restrictions on rent increases**

   - **Increasing rent during the rental period**: According to the civil code, rent may be increased subject to two cumulative conditions:

     – The increase cannot exceed 20% (or 15% in areas with a critical shortage of rental apartments) within three years. This restriction is known as “Mietpreisbremse” (rent control), which is intended to restrict the rate of the increases.

     – Rental increases need to be consistent with the Mietspiegel (the local rental index), which reflects the average prices for similar properties in the area. Rent must not be raised above the threshold set in the index without good reason.

   - **Notice period and how notice is to be given**: The lessor is to give written notice to the tenant about the rental increase. The tenant has two months to agree or oppose. A court application may be made in the event of opposition, and the lessor is required to prove that the raise is consistent with local regulations.

2. **Rent increases above CPI increases**

   The ability to increase rent above the increase in CPI is limited to the rent index and tenant protection laws. However, there are exceptional instances in which rent may be increased above CPI:

   - **Expenses for modernization and improvements**: Rent may be increased above CPI increases if significant improvements have been made to the property which improve the energy efficiency, the structural condition or comfort of the property. In these instances, rent may be increased by up to 8% of the cost of the renovation per year. However, these increases are also subject to the following aggregate restrictions:

- The total increase due to the modernization shall not exceed EUR 3 per sqm over six years.
- If the previous rent is less than EUR 7 per sqm, the increase is limited to EUR 2 per sqm.

- **Inflation linked rental contracts**: Some of the rental contracts include a provision with linkage to the consumer price index (Indexmiete) under which the rent is automatically updated based on inflation. However, in these agreements the rent also needs to comply with Mietpreisbremse restrictions and cannot be increased above that permitted. In this context it should be noted that the Company's rental contracts include said CPI linkage provision, other than rental contracts for public housing apartments (as defined in section g below).

3. **New rental contracts**: In areas defined as "areas with a critical housing shortage" (Gebiete mit angespannten Wohnungsmärkten), the rent in a new rental agreement cannot be more than 10% higher than the average price in the local rental index (Mietspiegel). This restriction applies to new tenants as well as to contract renewals.

4. **Exceptions for new buildings**: Properties built after October 1, 2014, or which were subject to a significant renovation or modernization, are exempt from the Mietpreisbremse restrictions when signing new rental agreements. In these instances the lessor may establish rent based on market demand, without the 10% restrictions. However, these properties are also subject to general

rental laws.

d. **Duration and period of the lease** - Rental contracts for residential properties in Germany are for an unfixed period of time, it is therefore extremely important to ensure that tenants are able to meet their financial obligations over the long-term.

In Germany it is customary to perform comprehensive background checks of potential tenants in order to ensure their financial stability and reliability. The Company acts in accordance with these practices and examines the tenants' ability to meet the required financial obligations. As part of this process each potential tenant is required to submit the following documents to the Company:

- **Solvency**: The total rent does not exceed 40% of the tenant's total income.

- **Confirmation from the previous lessor**: This confirmation attests to there not being any outstanding past rental debts, and serves as an indication of the tenant having a good payment history.

- **Negative Schufa credit report**: Schufa is a common credit reporting mechanism in Germany, which provides information about the tenant's financial credibility and credit history. A negative report attests to the tenant not having debts or negative records, and this is an important factor in assessing their suitability as a tenant.

- **Security deposit**: The Company requires a deposit totaling three months of net rent. This deposit is intended to secure coverage of unpaid rental debts or potential damages to the property, and it is deposited in a designated account according to German legal requirements.

Not only do these measures protect the Company's interests, but they are also consistent with the expectations in the Germany property market, which places a significant emphasis on tenants being financially responsible and stable.

e. **Early termination of the rental period and eviction of tenants under rental agreement with unfixed periods of time -** German law provides that each party may terminate the agreement with the provision of prior notice established by law, while notice of termination of the agreement by the landlord requires a good reason for termination. A good reason may exist if the tenant materially breaches the rental agreement, if the owner of the property needs the property for its own use or the use of their family member, or if the rental agreement prevents the owner of the property from making proper use of the property and substantial damages are consequently suffered by it. It should be emphasized that an agreement may not be terminated in order to raise the rent of the property.

   Each party may also terminate the agreement forthwith for proper cause. If the proper cause is a breach of a contractual obligation (such as failure to make two monthly rental payments), a written warning should be issued before the agreement may be terminated, unless one of the exceptions under law applies. In the event of non-payment as aforesaid, the tenant may cure the flaw by paying the amounts in arrears up to two months after a legal action to evict them has been initiated. If the owner of the property terminated the agreement as aforesaid and received a final court order instructing the tenant to vacate the property and return it to the owner of the property but the tenant fails to vacate the property, the owner may commence eviction procedures.

   In the event of eviction, the process of replacing the tenants may protract between 3-6 months, including completing the legal proceedings, the actual eviction and the time required to find a new tenant. This period may protract if the tenant appeals the eviction proceeding or if additional complicated circumstances arise. In this context it should be noted that as of the date of the report, the percentage of eviction cases involving the Company is negligible.

The Company acts at all times in accordance with applicable law and the relevant regulations with the goal of ensuring its compliance with applicable rental rules in Germany.

f. **Sale of the property, sub-tenancy by the tenant** - under German law the tenant may not transfer the rental agreement and may not pledge or sublet it without the consent of the owner of the property. If the tenant passes away, the rental agreement remains valid with the tenant's spouse or children who shared the property with the deceased.

g. **Limitations on rental agreements for public housing** - rental agreements in the framework of public housing (for this purpose public housing means properties which were established and/or renovated through the financing of special public financing institutions which grant subsidized loans) are subject to special restrictions under German law, including significant restrictions on rent increase. These restrictions apply by virtue of the law as well as by virtue of the financing agreements of the above public financing institutions.

As of the date of the report, public housing constitutes approximately 9.4% of the Company's total apartment units and reflects a total annual income of approximately EUR 5.0 million, constituting approximately 10% of the Company's total income in 2024.

1.16.3. **Restrictions and supervision of the Corporation's activities on the residential development property segment**

1.16.3.1. The table of payments to be received from purchasers of apartments in Germany stipulated under German law is as follows: 30% upon the commencement of construction works, 28% upon completion of the skeleton, 12.6% upon completion of the roof, 10.5% upon completion of the installation of the internal piping (water, electricity, sewage) and systems in the building (elevators, heating and the like), 7% upon completion of the finishing works (interior and exterior), 8.4% upon delivery of the apartment and 3.5% upon completion of all the works in the project (for instance, if the environmental development works have not yet been completed when the apartments were delivered). See section 1.16.2 above for additional details.

1.16.3.2. In addition, upon receiving the first payment on account of the purchase price, if the Company cannot register a cautionary notice/caveat in favor of the purchaser with the land registry since the registration procedure of the condominium (parcellation) has not yet been completed, the Company is required to provide the tenant with a bank guarantee for the total amount paid by them until the registration of the cautionary notice/caveat as aforesaid.

1.16.3.3. German law also imposes liability for quality and inspection for a period of 5 years from the delivery date. The liability is not transferred to the lead contractor and applies to the developer. However, the developer on the other hand receives from the lead contractor a quality guarantee at the rate of 5% of the total works upon the completion of the works in the project to cover the Company's quality and inspection obligations towards the purchasers of the apartments.

1.17. **Collaboration agreements**

On July 1, 2019, the Company completed the acquisition of rights from its partners in a number of property companies alongside ADLER Real Estate GmbH, whereby a subsidiary of ADLER purchased 10.1% of the rights and/or holdings in the relevant property companies and the Company acquired the remaining holdings. Subsequent to the date of the report, in January 2025, following the change of control in the Company, all of ADLER's rights deriving from its holdings in those companies ended, and it ceased being party to the collaboration agreements which regulate the rights and obligations with respect to those property companies without any consideration whatsoever being paid by the Company to ADLER for said conclusion, this in agreement with the Company, the other minority shareholders and ADLER.

For more information see the Company's immediate reports dated January 29, May 11 and July 1, 2019 (Ref. No: 2019-01-010509 and 2019-01-040008 and 2019-01-056562, respectively), included herein by way of reference, and Regulation 22 of Chapter D of this report.

1.18. **Legal proceedings**

For details regarding legal proceedings pending against the Group see Note 16A to the consolidated financial statements as of December 31, 2024, attached as Chapter C to this report.

1.19. **Targets and Business Strategy**

The Company's goal is to provide its shareholders with an excess return, relative to the level of risk, *inter alia*, by focusing its business activities mainly on the income-generating residential development property segment in the German market, given that the German residential real estate market is considered a stable, large and liquid market.

The Company intends to examine the possible actions with respect to the Company's existing projects, including their marketing, holding them for long-term rental purposes or selling them subject to market conditions. Additionally, the Company intends to leverage the knowledge and experience gained by it in the execution of complex development transactions allowing value to be enhanced throughout the life of the property.

In addition, the Company intends to retain a stable and high-quality management team constantly examining ways to reduce administrative costs.

It should be noted that the Company is constantly examining the German real estate market and searches for ways to maximize the Company's results, including by selling additional properties from the Company's property portfolio, considering, *inter alia*, the possible consideration, the book value of the property, the potential proceeds deriving from the relevant property and market conditions.

1.20. **Anticipated development in the upcoming year**

1.20.1. The Company is currently reexamining its plans in light of recent events at the Company, including the change in control at the Company, full redemption of the Company's bonds and the refinancing of debt through a loan obtained from the current controlling shareholder under preferable terms.

1.20.2. In the income-generating residential properties segment the Company intends to continue implementing the operational activities aspiring mainly to increase the occupancy rates and rental income.

1.20.3. For details regarding the intention of LEG, the Company's controlling shareholder, to perform a full tender offer and subsequently delist the Company's shares, see section 1.1.1 above.

It should be noted that the aforesaid concerning the business strategy, the anticipated development in the upcoming year and the Company's assessments in this context, is based solely on the Company's assessments of trends, events and developments in connection with the Company's activity, which had or are expected to have an impact on the development of its activity and its business results. The Company's assessments stated above in this section concerning future development fall within the definition of "forward-looking information" under the Securities Law. The Company's assessments stated above, are based on data currently available to the Company and assuming that it shall continue to operate in the normal course of business. There is no certainty that these assumptions and estimates will be fully or partially realized since they depend on external parties that the Company cannot influence or whose ability to influence them is limited, including the receipt of regulatory approvals and their dates and the occurrence of any of the risk factors specified in section 1.21 below.

1.21. **Discussion on Risk Factors**

The Company's management assesses that the Group's activity in the operating segments is exposed to the following primary risk factors:

1.21.1. **Macro-economic risk factors**

a. **The state of the German economy -** among the macro-economic factors in Germany which may affect the Company’s operating results are the growth in GDP and change in employment rates. These factors have a direct impact mainly on the demand for new residential apartments. In addition, fiscal restraint manifested in the reduction of welfare budgets may adversely affect the residential rental market in Germany and increase unemployment rates in Germany. It may lead to a decrease in demand for apartments and halt the increase of the average rent per sqm. Due to the nature of the Company's activity in the real estate segment in Germany, the state of the German economy has a significant impact on the Company’s operating results. Substantial negative changes in the economic situation in Germany may affect the Company’s ability to develop its business in this country. Interest rate increases in the market affect property values and rental prices per sqm. They also affect the demand curve for existing and new residential apartments. In 2022-2024 interest and inflation rates have increased which in fact have impacted the book value of the Company’s properties but it did not affect rent prices per sqm during the reporting period.

b. **Recession in the credit market, depression in the Israeli and global capital markets and insolvency of European countries** - an economic slowdown in the global markets as a result of events with macroeconomic effects may cause interest rates to increase, inflation, recession in the credit market, a depression in the Israeli and global capital markets and to a possible insolvency of European countries. This scenario may result in difficulties to obtain bank financing, stricter financing conditions (higher equity to debt ratio, higher interest costs as a result of an increase in the margins demanded by the banks and the like) which may lead to a slowdown in the entire real estate market in Europe, in general, and in Germany, in particular, which may reduce the number of transactions and adversely affect the Company’s ability to expand.

c. **Interest risks -** For the Company’s properties, an increase in the interest rates raises the yields desired by investors and therefore decreases the value of the properties. Similarly, an increase in the interest rates is liable to also increase the Company's financing expenses for new loans taken by it, may also impact the Company's ability to sell properties (if the Company wishes to do so) as increased interest rates also impact the financing costs entailed in purchasing the property for the buyer.

d. **Inflation and rising interest rates; an increase in construction inputs** - The negative trend of growing inflation and higher interest rates continued over 2022-2024. The changes in inflation and interest trends in Israel and around the world may have an impact on the Group's activity, *inter alia,* due to the impact of these processes on the business activity in the market, including operating costs, cost of raw materials, the structure of financing costs and the like. In addition, in 2022-2023 increases were recorded in construction costs which may have an impact on the profitability of the properties included in the Company's development real estate portfolio, as well as on the valuation of these properties. The Company estimates that its rich and diverse property portfolio will enable it to preserve its financial strength in a manner which will limit the impact of the inflation, the increasing interest rates and higher construction costs on its operating results.

e. **Impacts of the war in Ukraine -** The Russian invasion of Ukraine in February 2022, may have a general, across the board impact on the global economy, including the capital markets and prices of common raw materials such as iron and oil, and demographic impacts due to problems of refugees and migration. These consequences may have an impact on the Company's business activity, its capital assets, and the availability of financing in the capital markets. It should be clarified that true to date, and considering the early stage of the crisis, the Company estimates that the war in Ukraine does not have a substantial impact on its activity. However, the Company's assessments are based in this context, *inter alia*, on public information which was published in the media as of the publication date of the report, and therefore these assessments may change or not materialize or materialize in a different manner than that stated above.

f. **The security and political situation in Israel** - As described above in section 1.5.1.1, the "Swords of Iron" war broke out in Israel in Q4 2023 which is having an impact on the entire economy. As of the date of this report, the implications of the war and its impact on macro-economic factors in Israel and on Israel's financial position are uncertain. As of the approval date of the report, the Company does not anticipate that these events will have a material impact on the Company's activities considering the fact that the Company does not operate in Israel, and apart from the fact that the Company's shares are listed for trade in Israel, the Company has no other activity in Israel and has no commercial exposure to what occurs in Israel; however, that stated above may impact the Israeli capital markets, where the Company's shares are traded and may therefore impact the Company's ability to raise capital.

1.21.2. **Sectoral risk factors - income-generating and residential development properties**

a. **Decline in the occupancy rate of the Group's apartments** - As of the date of this report, the Group's operating activity is characterized by high occupancy rates. The occupancy rate depends on the quality of the properties, their geographic location and on diverse external circumstances such as infrastructures in the area in which the property is located and accessibility to the properties. As part of its business plan, the Group acts to improve the occupancy rate, including (subject to the lawful limitations) by evicting tenants from properties with a low occupancy rate for the purpose of renovating the properties and bringing new tenants while increasing rental fees. A low occupancy rate of the Group's properties over time, together with fixed management costs for the property, may adversely affect its operating results.

b. **Decline in tenant's ability to pay** - This risk factor may lead to an increase in provisions for doubtful debts or alternatively may lead to non-renewal and even early termination of rental agreements. In order to mitigate this risk, the Company has an internal examination process prior to engaging tenants in order to verify the tenant's financial position and payment ethic.

c. **Decline in the scope of governmental support to the low-income echelons** - In certain areas in Germany, in which the Company also operates, the government gives support in the form of rental support to populations in need (unemployed, disabled and the elderly). Decline in the scope of the support may reduce tenant solvency. It should be noted that approximately EUR 5.0 million, constituting approximately 10.2% of the total annual rental revenues in the income-generating residential properties segment, is paid monthly by the relevant local authority according to the housing subsidy policy for the eligible tenants of that relevant authority.

d. **Value of Company's properties** - The Company is exposed to a decline in the value of the properties held by it and to an inability to sell them. A decline in the value of the Group's properties and/or inability to sell them may adversely affect the Company's business results. The fair value of development properties is determined, *inter alia*, according to the discounted cash-flow method. The calculation of the discounted cash-flow involves certain assumptions, including - assumptions regarding the discount rates, assumptions regarding the renewal of agreements (mainly the probability of renewal and the expected rent upon the renewal) and the occupancy rates of the various properties, estimates which by their very nature contain a certain amount of uncertainty.

e. **Property and liability risks** - The Company insures its properties under an insurance policy and it acquires policies to insure the customary risks the Group is exposed to. In the event of an insurance event the Company is liable to have financial exposure in the amount of the difference between the total insurance coverage and the financial quantum of the claim or property damage. It should be emphasized that the Company's management assesses that the Company is not under-insured.

1.21.3. **General Risk Factors**

a. **Legislation and regulation in the real estate sector in Germany, including liability for environmental damage (ESG)** - The Group's activity is subject to the German regulation in all areas of operation in a manner that a change in the regulatory environment (including, *inter alia*, changes in legislation regulating the renovation of buildings owned by the Group, provisions concerning energy efficiency requirements, legislation affecting the local rental laws and legislation pertaining to the conversion of buildings into condominiums) may have an impact on the Group's activity and its results. In addition, the Group's activity in Germany is subject to domestic privacy protection laws which require strict compliance with requirements concerning the use and holding of private information. The failure to comply with these laws may subject the Group to penalties in scopes calculated on the basis of the Group's revenue streams. In addition, the Group may be exposed to certain obligations concerning environmental conservation and to costs involved in complying with these obligations, which may have a negative effect on the Group's operating results.

b. **Information and cyber security** - The Company's activity is based, *inter alia*, on computerized information systems. In recent years there has been an increase in the frequency and severity of cyber-attacks around the world. Hostile attack attempts may adversely affect the integrity and stability of the Company's information systems, and consequently, disrupt the Company's activities, steal its data, cause damage to the Company's reputation and expose it to legal actions. These events may adversely affect the Company's business results. To protect its information systems the Company performs daily cyber tests which include combined attacks on the email system, endpoints, entry and exit of communication channels and the Company's websites. During the reporting period no cyber events occurred which significantly affected the Company's activity. The Company constantly evaluates the risk of cyber-attacks with the external consultation of Cymulate.

1.21.4. **<u>Risks Unique to the Company</u>**

a. **Decline in demand for new residential apartments in Düsseldorf** - In recent years Düsseldorf has been characterized by an increase in demand for the acquisition of new residential apartments as a result of the economic boom experienced by the city in the last 10 years, which encourages a positive migration of high socioeconomic groups to the city. A change in this trend as a result of a slow-down in the economic activity of the city may adversely affect the demand for new residential apartments in Düsseldorf as well as the sale prices of such apartments. It may consequently extend the duration of its execution and adversely affect the profitability of the Company's residential development project in Düsseldorf.

b. **Increase in the supply of available land and/or residential construction projects in Düsseldorf** - Düsseldorf is characterized by surplus demand for new residential apartments compared to the existing supply as a result of demographic growth, on the one hand, and a shortage of available land for residential construction in attractive locations in the city. The shortage of available lands as aforesaid may result in a trend of rising prices for new apartments, real estate developers acting towards rezoning existing land complexes changing their designated use from commercial, industrial and office complexes to residential complexes. If this trend leads to a significant growth in the supply of land in central locations in the city for the construction of new residential apartments, it may adversely affect the demands for the projects executed by the Company, lead to a decrease in the selling prices of new apartments in the city, and consequently extend the duration of its construction and harm the profitability of the Company's residential development project in the city of Düsseldorf.

c. **Increase in the prices of construction inputs and/or contracting costs -** An increase in the prices of construction inputs as a result of the recovery of the global economy (for instance, an increase in the prices of raw iron due to growth in demand for iron in India, Brazil and China) or, alternatively, as a result of the war that broke out in the Ukraine and its impact on oil prices and the availability of raw materials and their supply and/or an increase in the costs of contracting works for residential construction in Düsseldorf as a result of a possible increase in the number of competing projects will lead to an unexpected increase in the construction costs for the Company's project in the city and will decrease its profitability.

The following table presents the foregoing risk factors according to their nature - macro-risks, sectoral risks and unique risks to the Group. These risk factors were graded according assessments made by the Company's management, on the basis of the circumstances existing on the date of the report, according to their estimated impact level on the Group's business:

	Impact level of risk factor on the operating segment		
	High	**Medium**	**Low**
Macro-risks			
State of the German economy		+	
Recession in the credit market, depression of the Israeli and global capital markets and insolvency of European countries		+	
Interest risks		+	
Inflation and rising interest rates, increase in construction inputs		+	
Implications of the war in Ukraine		+	
Security and political situation in Israel		+	
Sectoral risk factors - income-generating and residential development properties			
Decline in the occupancy rate of the Group's apartments		+	
Decline in tenant solvency		+	
Decline in the scope of governmental support for low-income echelons			+
Value of Company's properties		+	

	Impact level of risk factor on the operating segment		
	High	**Medium**	**Low**
Procurement and liability risks			+
Legislation and regulation in the real estate sector in Germany, including liability for environmental damages (ESG)		+	
Data and cyber security		+	
Risks Unique to the Company			
Decline in demand for new residential apartments in Düsseldorf		+	
Increase in supply of available properties and/or residential projects under construction in Düsseldorf		+	
Increase in the prices of construction inputs and/or contracting costs		+	

The Company's assessments concerning the foregoing risk factors including the general resulting impact of the risk factors, the war in Ukraine, the war in Israel, and specifically inflation and rising interest, is based on information which is available to the Company and which exists in the world as of the date of the report and includes the Company's estimates and intentions, considering the current state of affairs. It should be clarified that the Company may be exposed in the future to additional risk factors and/or that the risks factors described above shall evolve in a different manner than that which is anticipated by the Company and the impact of each risk factor, if materialized, may differ from the Company's estimates.

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

The board of directors of Brack Capital Properties N. V. (the "Company") is pleased to file the board of directors' report for the twelve month period ended as of December 31, 2024 (the "reporting period") in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970 (the "Reporting Regulations"). The financial statements attached as Chapter C 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" - December 31, 2024.
The "publication date of the report", the "report execution date" or the "execution date of the report" - March 20, 2025.

The "reporting period" - From January 1 until December 31, 2024.

Board's explanations about the state of the Company's business affairs and its operating results

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 2019-2024, 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 of January 1, 2024, as follows:

(1) **Income-generating residential property -** 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 1% of the Company's total assets and total revenues, and accordingly fail to meet the criteria

set in the accounting standards to be defined as an operating segment. See Section 6.9 below for details regarding the sale of one of the Company's commercial properties.

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.

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

1.2.2. **Development property -** As of the date of the report, the Company owned two land complexes in Düsseldorf, Germany, with a total area of approximately 194,000 sqm, one which is in the process of obtaining a building permit and one for which a building permit has already been obtained. For more information about the aforementioned land complexes see Section 1.7 of Chapter A (Description of the Company's business affairs) attached to this report. It should be noted that 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 which was received in full on November 5, 2024. See Section 6.8 below for more information regarding the completion of the sale of the land in Grafental.

1.2.3. **Others -** income-generating commercial property - As of the date of the report, the Group owned 3 commercial property assets (offices) with a total area of approximately 16,000 sqm for rent. It should be noted that subsequent to the date of the report, the Company completed the sale of a commercial property in Ludwigsfelde, and as of the publication date of the report, the Group owns 2 properties as aforementioned. For more information see Section 6.9 below.

1.3 For more information about trends, events and developments with the Company's operations and commercial environment during the reporting period and their impact on the financial statements, see Section 1.1 to Chapter A (Description of the Company's business affairs) attached to this report.

1.4 Company's principal results for the twelve month period ended as of December 31, 2024

1.4.1 **The Company's income-generating residential and property development segments and profitability**

- Income-generating residential property: In the 2024 annual period, the NOI totaled approximately EUR 42.6 million compared with approximately EUR 42.0 million in 2023. Additionally, in the 2024 annual period, the Company's EBITDA totaled approximately EUR 30.9 million, compared with approximately EUR 29.1 million in

2023. The Company's FFO in the 2024 annual period amounted to approximately EUR 18.4 million, compared with approximately EUR 17.8 million in 2023. **For information concerning the financial metrics presented in this report which are not based on generally accepted accounting principles, see Section 5 below.**

There was an approximately 3.5% increase in rental fees in the residential income-generating property segment in Q4 2024 from like for like properties (similar properties)[1] compared with Q4 2023. As of the date of the report, the average rent from the Company’s properties is EUR 7.42 per sqm, and the rent in new leases[2] in the residential market is approximately 8.2% higher than the Company’s aforementioned current average rental fees.

The occupancy rate of the Company’s properties in the residential income-generating property segment as of the date of the report amounts to approximately 97.8%.

- Development property: 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: The net loss attributed to the Company's shareholders for the 2024 annual period amounts to approximately EUR 79.5 million, compared with a loss of approximately EUR 143.3 million in 2023. It should be noted that the loss during the reporting period primarily derives from a decline in the value of the Company’s investment properties (totaling approximately EUR 36.8 million) and a decline in the value of the Company’s land inventory (totaling approximately EUR 42.2 million). For more information concerning the decrease in value of the Company's residential development properties, and their effects on the Company's results, see 'Part C - Disclosure regarding material and very material appraisals' below.

[1]“**Similar properties**” - Properties at least owned by the Company over the most recent two reporting years, without being subject to material structural changes.

[2]“**Rent in new leases**” - Rent for tenants who took possession of their apartments in the 6 months prior to the date of the report.

1.4.2 **<u>Principal operating results - The income-generating property segment</u>**

Designation	Area (Sqm 000's)	Actual rental return	ERV[3]	Actual NOI return[4]	NOI return according to ERV	Occupancy rate
Residential	567	5.6%	6.0%	4.8%	5.3%	97.8%

1.4.3 **<u>Balance sheet structure and financial solvency</u>**

a. <u>Equity and EPRA NTA</u>: As of the date of the report, the equity attributable to the Company's shareholders amounted to approximately EUR 482.9 million, and EPRA NTA[5] totaled approximately EUR 614.5 million.

b. <u>Debt ratios</u>: The LTV ratio[6] amounts to approximately 45.0% as of the date of this report, compared with approximately 41.4% in the same period YoY. It should be noted that the updated LTV ratio is approximately 44.6% after completing the sale of the properties presented in the Company's balance sheet as properties held for sale.

The EBITDA to interest coverage ratio solely for the income-generating portfolio is approximately 2.72 for the 2024 annual period.

c. <u>Liquidity</u>: Cash balances (consolidated) totaled approximately EUR 75.4 million as of the date of the report.

d. <u>Financing</u>: As of the date of the report, the Company had bank loans totaling approximately EUR 341.1 million which were subject to average annual interest of 3.15% with an average lifetime of 4.95 years, as well as listed bonds totaling approximately EUR 222.2 million, which were subject to average ILS interest (linked to the index) of 4.70% and with an average lifetime of 2.2 years. It should be noted that on December 31, 2024, final redemption of Company's Bonds (Series B) was completed pursuant to the provisions of the Deed of Trust for Bonds (Series B).[7]

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

[4] The December 2024 data in annual terms divided by book value.

[5] EPRA NTA - For information about the metric and its calculation see Section 5.2 of this report.

[6] Net debt to total properties and inventory.

[7] The trust deed for Bonds (Series B) which was signed by the Company and the trustee for Bonds (Series B), Reznik, Paz, Nevo Trusts Ltd. (the "**Trustee**"), whose most current draft was published by the Company on May 28, 2018 (Ref. No: 2018-01-043347) (the "**Trust Deed (Series B)**"). For information about the final redemption

It should further be noted that subsequent to the date of the report, on January 20, 2025, and February 2, 2025, the Company completed full and early redemption of Company's Bonds (Series C and D), respectively.[8] Accordingly, as of the publication date of the report, the Company has no listed bonds.

For more information concerning the Company's financing sources and its liquidity see Section 4 below.

of Bonds (Series B), see the immediate report of December 31, 2024 (Ref. No: 2024-01-628940), included in this report by way of reference.

[8]For details, see the immediate reports published by the Company on January 3, 8 and 16, 2025 (Ref. No: 2025-01-001094, 2025-01-003006 and 2025-01-004724, respectively), which are included in this report by way of reference.

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 31 December 2024	As of 31 December 2023	Explanation for the change
Current assets	EUR 000's		
Cash and cash equivalents	75,442	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	35,254	47,734	
Accounts and other receivables for sale of apartments	239	251	
Tenants and trade receivables, net	1,418	2,331	
Assets of disposal groups held for sale	8,800	-	The increase is due to the classification of a commercial property in the city of Ludwigsfelde as being held for sale, whose sale was completed in January 2025. For additional details, see Section 6.9 below.
Total current assets	**121,153**	**92,843**	
Non-current assets	EUR 000's		
Investments in financial assets measured at fair value through profit or loss	3,900	4,508	
Inventory of land	104,200	156,100	The reduction stems from a decrease in the value of the inventory which resulted from a decrease in the valuations of the Company's land holdings. For more information see Note 6 to the Company's consolidated financial statements.
Investment property - rights in land	26,800	30,200	For details see Note 7 to the Company's consolidated financial statements.
Investment property - income-	895,695	928,810	For details see Note 7 to

Assets	As of 31 December 2024	As of 31 December 2023	Explanation for the change
generating properties			the Company's consolidated financial statements.
Deposits restricted for investment in properties	8,656	8,038	
Accounts receivable, debit balances and other financial assets	4,921	7,524	The decrease is attributable to the release of cash held as a long-term deposit.
Total non-current assets	**1,044,172**	**1,135,180**	
Total assets	**1,165,325**	**1,228,023**	

Liabilities	As of 31 December 2024	As of 31 December 2023	Explanation for the change
Current liabilities	EUR 000's		
Current maturities of loans from banking corporations	80,250	20,631	The increase in the reporting period is attributable to loans totaling approximately EUR 61.2 million being classified as short-term loans due to them maturing in 2025.
Current maturities of bonds	41,745	24,753	
Other financial liabilities	1,540	4,948	The balance primarily derives from the value of the derivative hedging the Company's bonds from changes in the EUR/ILS exchange rate.
Loan from the controlling shareholder	-	75,000	The decline is attributable to the repayment of the shareholder loan to ADLER (the Company's former controlling shareholder) during the reporting period. For details see Section 6.7 below and Section 3 under Regulation 22 to Chapter D of this report.
Accounts payable, credit balances and other liabilities	24,450	25,126	
Current tax liabilities	286	127	
Liabilities of disposal groups held for sale	6,500	-	The increase is due to the classification of a liability for a bank loan for a commercial property in the city of Ludwigsfelde as being held for sale, whose sale was completed in January 2025. For additional details, see Section 6.9 below.
Total current liabilities	**154,771**	**150,585**	
Non-current liabilities	EUR 000's		
Loans from banking institutions	254,117	329,178	The decline in the reporting period is attributable to loans totaling approximately EUR 61.2 million being classified as short-term loans due to them maturing in 2025.
Bonds	180,432	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

Liabilities	As of 31 December 2024	As of 31 December 2023	Explanation for the change
			reporting period and also expanded the series in a scope totaling approximately ILS 158 million. For details, see Section 6.5 below.
Other financial liabilities	12,061	21,249	The decline primarily derives from the value of the derivative hedging the Company's bonds from changes in the EUR/ILS exchange rate.
Deferred taxes	65,707	71,015	The decline is primarily attributable to a decrease in the value of the Company's investment property portfolio. For more information about the declines in value following appraisals relevant to the reporting period, see Part C of this report.
Total non-current liabilities	**512,317**	**499,197**	
Total liabilities	**667,088**	**649,782**	
Equity			
Equity attributable to shareholders of the Company	482,893	562,394	
Minority interests	15,344	15,847	
Total equity	**498,237**	**578,241**	
Total Liabilities and Equity	**1,165,325**	**1,228,023**	

3 Operating Results

	For the year ended 31 December			Explanation for the change
	2024	2023	2022	
	EUR 000's			
Revenues from property rentals	49,082	49,776	59,887	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 should be noted that if this decline is neutralized, the Company presented an increase of approximately EUR 0.9 million in property rental income compared with the same period YoY, due to an increase of approximately 3.5% in rental fees from like-for-like properties.
Revenues from property management	24,207	24,530	24,837	
Property management expenses	(24,182)	(24,207)	(24,830)	
Cost of maintenance of rental properties	(6,530)	(8,142)	(10,102)	
Net rental and management revenues	**42,577**	**41,957**	**49,792**	
Revenues from selling apartments	-	-	-	The cost of selling the apartments in 2022-2024 stems entirely from the decrease in the value of land inventory. For more information see Note 6 to the Company's consolidated financial statements and Part C below.
Cost of selling apartments	(42,161)	(61,377)	(13,556)	
Profit (loss) from selling apartments	**(42,161)**	**(61,377)**	**(13,556)**	
Group's share in the profits (losses) of companies handled under the equity method	-	-	859	
General and administrative expenses	(13,087)	(13,072)	(13,119)	
General and administrative expenses relating to land inventory	(1,127)	(1,404)	(1,669)	
Increase (decrease) in value of investment properties	(36,739)	(111,687)	(158,872)	For more information see Part C below.
Profit (loss) before financing expenses	**(50,537)**	**(145,583)**	**(136,565)**	
Financing expenses excluding the impact of exchange rate and index changes and hedging transactions	(15,381)	(10,062)	(10,880)	The increase in financing expenses is primarily attributable to the issuance of Bonds (Series D) and expansion of the series during the year. For details see Note 6.5 below.

	For the year ended 31 December			Explanation for the change
	2024	2023	2022	
Impact of exchange rate and index changes and hedging and other transactions	(10,449)	(876)	(20,301)	
Change in fair value of financial instruments, credit and other losses	(1,627)	(3,226)	(9,533)	
Other revenues (expenses), net	(3,850)	(674)	(21,135)	
Profit (loss) before taxes on income	**(81,844)**	**(160,421)**	**(198,414)**	
Tax abatement (taxes on income)	1,840	14,421	21,220	
Total net and comprehensive profit (loss) for the period	**(80,004)**	**(146,000)**	**(177,194)**	
Net and total profit (loss) attributed to:				
Shareholders of the Company	(79,501)	(143,338)	(170,558)	
Minority interests	(503)	(2,662)	(6,636)	

4 Sources of financing, liquidity and cash-flows

	For the year ended 31 December			Explanation for the change
	2024	2023	2022	
	EUR 000's			
Cash-flows from operating activities (used for operations)	34,666	16,576	(569)	See the cash-flow report.
Cash-flows from investment activities (used for activities)	2,259	(955)	122,474	See the cash-flow report.
Cash-flows for financing activities (used for activities)	(4,010)	(185,619)	65,759	See the cash-flow report.

4.1 Access to sources of financing

In the reporting period, the Company primarily financed 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:

4.1.1 Financing through bank debt: As of the date of the report, the outstanding balance of the Company's bank debt amounts to approximately EUR 341.1 million which is subject to average interest of 3.15% with an average lifetime of 4.95.

4.1.2 Financing through bonds: The Company had listed bonds totaling approximately EUR 222.2 million, bearing an average ILS interest (linked to CPI) of 4.70%. 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, the Company received total financial proceeds totaling approximately ILS 158,700,000 for the issuance of par value of ILS 150,000,000.

It should be noted that on December 31, 2024, Company's Bonds (Series B) were fully redeemed in accordance with the provisions of the deed of trust for Bonds (Series B).[9] Similarly, subsequent to the date of the report, on January 20, 2024 and February 2, 2025, respectively, the Company completed the full early redemption of Bonds (Series C and D).[10] Accordingly, as of the publication date of the report, the Company has no listed bonds.

4.1.3 Credit facility from ADLER (the former controlling shareholder) and it being repaid: On August 7, 2024, the Company repaid the entire outstanding balance of credit provided to the Company by ADLER, the Company's previous controlling shareholder, whereby, as of the date of the report, the Company has no outstanding debt balance to ADLER. For more information about said loan, see Section 3 under Regulation 22 to Chapter D of this report.

4.1.4 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 196.4 million being received in cash. For more information see Sections 1.1.4 and 1.6.4.10 of Chapter A (Description of the Company's business affairs) attached to this report.

For details regarding financing agreements entered into by the Company subsequent to the date of the report with companies in LEG Group, the Company's current controlling shareholder, associated with the early redemption of the bonds and some of the Company's bank loans, see

[9] Deed of trust for Bonds (Series B), signed by and between the Company and the trustee for Bonds (Series B), Reznik, Paz, Nevo Trusts Ltd. (the "**Trustee**"), whose final version was publishhed by the Company on May 28, 2018 (Ref. No: 2018-01-043347) (the "**Deed of Trust (Series B)**"). For details regarding the final redemption of Bonds (Series B) see the immeediate report of December 31, 2024 (Ref. No: 2024-01-628940), hereby included in this report by way of reference.

[10] For details see the Company's immediate reports of January 3, 8 and 16, 2025 (Ref. No: 2025-01-001094, 2025-01-003006 aand 2025-01-004724, respectively), hereby included in this report by way of reference.

Sections 1 and 2 under Regulation 22 of Chapter D attached to this report.

5 Financial metrics not based on generally accepted accounting principles

5.1 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-month period ending on December 31, 2024	**For the three-month period ending on December 31, 2023**	**For the year ended December 31, 2024**	**For the year ended December 31, 2023**
Net profit (loss) attributed to the shareholders of the Company[11]	(34,775)	(42,917)	(79,501)	(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	10,076	25,916	36,376	110,128
Impairment of goodwill or negative goodwill	-	-	-	-
Purchase costs recognized in the statement of profit and loss (IFRS3R)	-	-	-	-
Change in fair value of financial assets	-	(33)	1,627	3,226

[11] 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-month period ending on December 31, 2024	For the three-month period ending on December 31, 2023	For the year ended December 31, 2024	For the year ended December 31, 2023
B. Adjustments for non-cash items				
Effects of measurement, exchange rate differentials and non-cash hedging transactions	6,161	(296)	17,210	1,564
Costs for deferred taxes and taxes for previous years	(2,177)	(4,400)	(2,797)	(15,174)
C. One-time line-items/ new activities/ discontinued activities/ other				
One-time adjustments and others	392	1,998	2,260	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	259	205	1,013	1,262
Adjustments for impairment of land inventory	24,803	24,303	42,162	55,178
Total adjustments to the net profit	39,514	47,693	97,851	161,163
Nominal F.F.O. according to the management's approach (excluding index-related linkage expenses)	**4,739**	**4,776**	**18,350**	**17,825**
Adjustments arising from linkage to the index	-	-	-	(1,274)
Real F.F.O. according to the instructions of the Securities Authority	**4,739**	**4,776**	**18,350**	**16,551**

It is clarified that the Company's estimates specified above concerning the representative rate of FFO are forward looking information as this term is defined in the Israel Securities Law. Therefore, the presented information may not materialize at all, in whole or in part, or may eventuate differently to that stated above or even materially different, since, among other things, 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 or the materialization of one or more of the risk factors specified in Section 1.21 of the Description of the Company's business affairs chapter attached as Chapter A to this report.

5.2 EPRA (European Public Real Estate Association) metrics - Net asset value (EUR millions)

The EPRA NAV metrics presenting 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. Presented below are explanations about the aforementioned EPRA metrics:

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

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

	EPRA NRV	**EPRA NTA**	**EPRA NDV**
Equity attributed to the Company's shareholders	482.9	482.9	482.9
Plus deferred taxes for EPRA adjustments (minus share attributable to minority interests)	68.7	68.7	-
Neutralizing the fair value of net derivative financial instruments	8.2	8.2	-

	EPRA NRV	EPRA NTA	EPRA NDV
Inventory revaluation[12]	-	-	-
Plus Real Estate Transfer Taxes (RETT) and other acquisition costs	77.4	54.7	-
Fair value of nominal liabilities subject to fixed interest[13]	-	-	14.3
Total	**637.2**	**614.5**	**497.2**

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**

5.3 NOI Metric - Net Operating Profit

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

The Company clarifies that the NOI metric does not reflect cash-flows from operating activities according to generally accepted accounting principles, does not reflect cash held

[12] Difference between fair value and book value

[13] The EPRA NDV considers the value of the difference between the current interest on Company's loans and the market interest according to the loan lifetime.

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.

The return on NOI is calculated as the total NOI from assets existing as of December 31, 2024, divided by the total assets in the residential segment as of the such date.

5.4 EBITDA metric

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

6 Material events and changes during and after the reporting period until the publication date of this report

6.1 Change of operating segments - For details regarding the changes to the Company's operating segments since January 1, 2024, see Section 1.1 above.

6.2 Completion of the sale of the Hamm project - 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, German, see the Company's immediate reports dated December 17, 2023 and January 16, 2024 (Ref. No: 2023-01-113755 and 2024-01-005842, respectively), hereby included by way of reference.

6.3 Transfer of the Company's shares to the TASE maintenance list - Further to the Company's earlier reports on this issue, and 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[14] despite the repeated requests

[14] Under the Company's articles of association and Dutch law, the general meeting has the authority to decide on the issuance of shares and it may delegate this power to the board of directors.

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 from such date 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. On November 26, 2024, the Company's board of directors adopted a resolution to convene an annual and extraordinary general meeting whose agenda, among other things, will include authorizing the Company's board of directors to decide on the issuance of Company shares by an amount which would allow the Company to meet the threshold required to be transferred to the TASE primary list, i.e., the issuance of shares constituting up to 7.5% of the outstanding share capital of the Company, and to limit or exclude the Company's shareholders' preemptive right, and subsequently this resolution was not approved at the Company's general meeting held on December 31, 2024. For more information see the general meeting convention report dated November 26, 2024, and its supplementary report dated December 16, 2024, and the general meeting results report published on December 31, 2024 (Ref. No: 2024-01-619177, 2024-01-624035 and 2024-01-628993, respectively), with that stated therein included in this report by way of reference. For more information regarding the Company's shares being placed on the maintenance list, including the actions taken to date by the Company in an attempt to prevent its shares from being placed on the maintenance list, see the Company's immediate report of January 30, 2024 (Ref. No: 2024-01-009562) and its immediate report dated February 21, 2024 (Ref. No: 2024-01-015733), which are included herein by way of reference. 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.

6.4 Ratings - See Section 13 below for details.

6.5 Issuance of a new series of bonds, expanding the series and full early redemption of the Company's bonds

On February 28, 2024, the Company completed an issuance of a new series of Company 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 the shelf offering report dated February 28, 2024 and the report on the results of the issuance dated March 3, 2024 (Ref. No: 2024-01-017629 and 2024-01-018907, respectively) which are included in this report by way of reference, and Part B of the board report below.

Further to that stated above, 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). For details see the shelf offering report dated July 9, 2024, and the report on the results of the issuance dated July 10, 2024 (Ref. No: 2024-01-070989 and 2024-01-071370, respectively) which are included in this report by way of reference.

On December 31, 2024, final redemption of Company's Bonds (Series B) was completed pursuant to the provisions of the Deed of Trust for Bonds (Series B). Similarly, subsequent to the date of the report, on January 20, 2025, and February 2, 2025, the Company completed full and early redemption of Company's Bonds (Series C and D), respectively (the "**full early redemption**"). Accordingly, as of the publication date of the report, the Company has no listed bonds. In wake of the full early repayment, the Company also repaid the balance of the liability for EUR/ILS exchange rate hedging as of the date of the full early repayment. The total amount paid by the Company for the full early repayment is approximately EUR 249.0 million, including approximately EUR 229.3 million which was received as a loan from LEG (the Company's new controlling shareholder), as described below in Section 6.12.

6.6 Changes to the composition of the Company's board of directors

6.6.1. 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.[15] Accordingly, on May 8, 2024, Mr. Thomas Zinnöcker concluded his role as one of the Company's directors and as chairman of the board of directors[16] and Mr. Thilo Ger Schmid was appointed to serve as chairman of the Company's board of directors.

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

6.6.3. On May 8, 2024, Mr. Ron Hadassi was appointed for a second three-year term as one of the Company's external directors (non-executive director).[17]

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

[15] 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.

[16] 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.

[17] For more information, see the Company's immediate report dated May 8, 2024 (Ref. No: 2024-01-048186), included herein by way of reference.

Company's activities.[18]

6.6.5. Mr. Thierry Beaudemoulin ceased serving as the Company's CEO and as a director on December 31, 2024.

6.6.6. Mr. Thilo Ger Schmid ceased serving as the chairman of the Company's board of directors and as a director on January 3, 2025. Mr. Volker Wiegel took office as the CEO of the Company that day.

6.6.7. Messrs. Volker Wiegel and Lars von Lackum were appointed as Company directors on January 16, 2025.

6.7 Repayment of the credit facility taken by the Company from ADLER, the Company's former controlling shareholder - For details see Section 3 below and Section 3 under Regulation 22 to Chapter D of this report.

6.8 Completion of sale of the land in Grafental - 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.

6.9 Sale of a commercial property in the city of Ludwigsfelde - 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 secures a bank loan totaling approximately EUR 6.5 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 and it classified the property and the bank loan as part of assets and liabilities held for sale. The transaction was completed subsequent to the date of the report, on January 20, 2025, and the Company received net consideration of approximately EUR 2.3 million in cash.

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

6.10 Sale of control in the Company from ADLER to LEG - The Company was informed that on November 4, 2024, the Company's former controlling shareholder (the controlling shareholder at the time), ADLER Real Estate GmbH ("**ADLER**") and the Company's second largest shareholder at the time (and the Company's controlling shareholder as of the publication date of the report) LEG Grundstcksverwaltung 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 (in this section: the "**transaction**" or the "**agreement**", as the case may be). The first stage of the transaction, after which (and as of the publication date of the report) LEG holds 88.2% of the Company's outstanding and paid-up share capital and is the Company's controlling shareholder, was completed on January 3, 2025 ("**date of completion of the first stage**"). 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 made by LEG. If LEG does not make 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 paid 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 date of completion of the first stage. For additional details see the Company's immediate reports dated November 5, 2024 and December 10, 2024 (Ref. No: 2024-01-613935 and 2024-01-623426, respectively), hereby included by way of reference.

In January 2025, following the change of control in the Company described above, all of ADLER's rights deriving from its holdings in various property companies of the Company held by it prior to said change in control ended, and it ceased being party to the collaboration agreements which regulate the rights and obligations with respect to those property companies without any consideration whatsoever being paid by the Company to ADLER for said conclusion, this in agreement with the Company, the other minority shareholders and ADLER. For details see Section 4 under Regulation 22 to Chapter D of this report.

6.11 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 1 under Regulation 21 of Chapter D of this report.

6.12 Execution of financing agreements with LEG - The Company's current controlling shareholder - For details see Sections 1 and 2 under Regulation 22 of Chapter D of this report.

6.13 Early repayment of 3 bank loans - With the objective of achieving additional savings with financing costs and to strengthen the Company's financial stability, on February 7, 2025, the Company's board of directors approved the early repayment of 3 loans taken by the Company from foreign banking corporations. On February 13 and 18, 2025, the Company completed the early repayment of the 3 loans, after paying approximately EUR 149.5 million for all said loans (including EUR 146.2 million for paying the outstanding principal and interest and EUR 3.3 million as an early repayment fee). For more information, see the immediate report published by the Company on February 9, 2025 (Ref. No: 2025-01-009398), included in this report by way of reference.

In this context it should be noted that the Company's audit committee and board of directors believe that the early repayment of these loans together with entering new financing agreements with LEG described above in Section 6.12, is anticipated to improve the Company's financial position and cash-flows due to the decrease in the Company's financing costs, the cost of the immediate repayment (for the early repayment fee) is relatively less than the benefits and saving in financing costs incurred with said early repayment, and will also free up liens over properties provided as collateral to the financing banks to secure repayment of said loans.

6.14 Release, insurance and indemnification arrangements - For details regarding amendments made during and subsequent to the reporting period regarding release, insurance and indemnification arrangements at the Company, see Regulation 29A in Chapter D to this report.

6.15 Replacement of the internal auditor - For details regarding the resignation of the Company's internal auditor and the appointment of a new internal auditor, see Section 10 below.

For more information regarding material events and changes subsequent to the reporting period and as of the publication date of the report, see Note 22 to the financial statements attached as Chapter C to this report.

Part B - Aspects of corporate governance

7. General

7.1. The law applicable to the Company as a Dutch company

The Company is a Dutch company and it is not subject to the provisions of the Israel Companies Law, 1999 (hereinabove and hereinafter, the "**Companies Law**"), other than the sections of the Companies Law which apply to foreign companies offering shares to the Israeli public pursuant to Section 39A of the Israel Securities Law ("**Section 39A**"). The Securities Order (Replacing Addendum IV to the Law), 2016, became effective on February 17, 2016, whereby Addendum IV to the Securities Law was replaced with a new Addendum IV with two parts; Part A, which applies provisions of the Companies Law onto companies incorporated outside of Israel (solely in this subsection: "**foreign companies**") and whose shares are offered to the Israeli public **- including it applying the provisions of Sections 301-311 of the Companies Law regarding permitted distributions, dividends, buybacks and prohibited distributions** ("**Part A to Addendum IV**") and Part B which applies the provisions of the Companies Law on foreign companies which have publicly issued bonds. It should be clarified that Addendum IV does not apply to foreign companies which publicly offered shares or bonds **prior to the amendment of the legislation** (like the Company). However, the amendment applies to any foreign company (including the Company) which publicly offers securities from the date of the amendment (i.e., from February 17, 2016) onwards, including foreign companies (including the Company) reissuing securities. **Therefore, due to the fact that on April 4, 2016, the Company reissued Bonds (Series C), it has been subject to the amendment described above since such time until the date of final repayment of Company bonds on February 2, 2025.**

Further to that stated above and according to the directive issued by the Israel Securities Authority (ISA) to foreign companies which are subject to Section 39A, to amend their incorporation documents to reflect the provisions of Addendum IV, the Company subsequently, and according to its commitment to the Israel Securities Authority, formally adopted the provisions of the Companies Law in the Company's articles of association to reflect Addendum IV.

On July 3, 2017, the Company's extraordinary general meeting (following the approval of the Company's board of directors on May 18, 2017) confirmed that since the Company's shares IPO'd to the Israeli public and are listed on TASE, under Israeli law, the provisions of Section 39A of the Securities Law apply to the Company, and therefore some of the provisions of the Israeli Companies Law also apply to the Company, in addition to the Company's articles of association and Dutch law. The shareholders also accordingly approved the amendment of the

Company's articles of association.

It should further be noted that since the derivative action and defense provisions (Sections 194-205A of the Companies Law) and the provisions imposing financial sanctions (Sections 363A(a) and (b)(2)-(12), 363B and 363C of the Companies Law) cannot be explicitly entrenched in the Company's articles of association, since they are inconsistent with the cogent law applicable to the Company in the Netherlands (which cannot be stipulated against), the Company included in its amended articles as approved by the Company's general meeting on July 3, 2017, provisions regarding jurisdiction and governing law, including regarding derivative action and defense and the imposition of administrative enforcement measures by the Israel Securities Authority. It should also be noted that on August 16, 2018, the Company's general meeting approved an additional amendment to the Company's articles of association, primarily introducing a clearer distinction between an "executive director" and a "non-executive director" (Ref. No: 2017-01-069852 and 2018-01-076657, respectively).

7.2. Statement regarding the Dutch Corporate Governance Code

The Company has adopted both the directives of the Dutch and Israeli corporate governance regimes with the objective of cultivating trust and confidence in the integrity and transparency with how business is conducted by public companies, as well as because said regimes are based on the same principles and are therefore similar in many aspects However, there are certain differences between the corporate governance rules applicable in the Netherlands and in Israel. The Company supports the principles and best practice under the Dutch Corporate Governance Code (or the "Dutch Code"). As opposed to the Israeli rules that apply to Israeli companies, the Dutch Code adopts a "comply or explain" regime. Therefore, any deviation from best practice is permissible provided that an explanation is given. Any deviation from a directive or practice of the Dutch Corporate Governance Code can be explained by the implementation of Israeli corporate governance practices.

8. Directors with accounting and financial expertise

As of the date of the report, the Company has not adopted in its articles of association a provision regarding the minimum number of directors with accounting and financial expertise appropriate for the Company pursuant to the provisions of Section 92(a)(12) of the Companies Law, because it is not required to do so pursuant to Addendum IV to the Securities Law. For details regarding the qualifications, education and experience of Messrs. Patrick Burke (independent director), Ron Hadassi (external director), Taco Tammo Johannes de Groot (external director), Volker Wiegel (CEO and director) and Lars von Lackum, who are serving in the Company as directors possessing accounting and financial expertise, see Regulation 26 in chapter D attached to this report.

9. Independent directors

9.1. As of the date of the report, the Company has not adopted any provisions in its articles of association regarding the number of independent directors required under Schedule I to the Companies Law.

9.2. For details regarding the qualifications, education and experience of Messrs. Patrick Burke, Ron Hadassi, Liselot Dalenoord and Taco Tammo Johannes de Groot, who were classified by the Company as independent directors, see Regulation 26 of Chapter D attached to this report.

10. Details regarding the corporation's internal auditor

10.1. On March 6, 2023, the Company's board of directors (at the recommendation of the audit committee) appointed CPA Hila Barr-Hoisman, who is a partner at the accounting and consulting firm Deloitte Israel & Co., ("**Deloitte**") as the Company's internal auditor (the "**internal auditor**"). As shall be described below, on January 8, 2025, the Company's internal auditor, Ms. Hila Barr-Hoisman, announced that she would be ending her term as the Company's internal auditor as of December 31, 2024, due to reasons associated with Deloitte's internal procedures due to a commercial relationship between Deloitte and LEG, which became the controlling shareholder of the Company on January 3, 2025. For more information see the immediate report published by the Company on January 8, 2025 (Ref. No: 2025-01-003021) which is included herein by way of reference. Presented below are details about the internal auditor for the term she held the position at the Company:

Name:	CPA Hila Barr-Hoisman
Service commencement date:	March 6, 2023
Compliance with the terms and conditions applicable to internal auditors:	The internal auditor meets the conditions prescribed in Section 146 of the Companies Law and Sections 3(a) and 8 of the Internal Audit Law, 1992 (the "**Internal Audit Law**").
Designation of role:	The internal auditor does not hold any other position in the Company other than serving as the internal auditor. The internal auditor does not hold any other position outside of the Company that creates or which may result in a conflict of interests with her position as the internal auditor of the Company.
Personal interest:	The internal auditor is not an interested party in the Company, is not an officer of the Company and is not related to any of the above and does not serve as one of the Company's auditors or anyone on its behalf and does not provide external services to the Company, other than internal auditing services.

Ownership of Company securities:	The internal auditor, according to her notice, does not hold any of the Company's securities nor does she hold any securities of an entity related to the Company, as such term is defined in Addendum IV to the Report Regulations.
Commercial/material relationship with the Company:	The internal auditor does not have any material commercial relationship or other material relationship with the Company or an entity related to the Company, as such term is defined in Addendum IV to the Report Regulations.
Employee or external service provider of the Company:	The internal auditor is not an employee of the Group or an external service provider of the Group.
Appointment of the internal auditor:	The appointment of the internal auditor was approved by the Company's board of directors on February 21, 2023, at the recommendation of the Company's audit committee and based on her professional experience as an internal auditor in the area of internal audit.
Organizational superior:	Chairperson of the board of directors.
Internal auditor's qualifications:	The internal auditor has been licensed as a CPA since 2000 and is a partner at the accounting and consulting firm of Deloitte Brightman Almagor Zohar. She has extensive experience in risk management and internal audit along with broad experience in performing internal audit functions in public companies. The internal auditor holds qualifications in the field of internal audit, including CIA and CISA certifications.
The internal auditor being external to the Company:	The internal auditor provides internal audit services as an external party, through her team at Deloitte Brightman Almagor Zohar.
Scope of engagement:	The Company's audit committee approved an audit plan in a scope of approximately 500 hours for 2024. The following audits were carried out under this plan: Annual account settlement with tenants and GDPR. The audit plan is multi-year and its cost is based on a rate of ILS 250 per work hour (on average) and to the Company's best understanding, the scope of compensation does not affect the auditor's independent discretion.
The audit plan:	The audit plan is part of a multi-year plan. The planning of the audit tasks, setting priorities and audit frequency are affected by the following: The likelihood of managerial and administrative flaws, the exposure to operating and activity risks, issues requiring an audit by the administrative authorities, issues required by law, pursuant to internal or external procedures, the need to maintain the cyclicality of issues previously tested. The Company's annual internal audit work plan was set in collaboration with the chairman of the audit committee, the internal auditor and her

	team. The annual work plan is approved by the Company's audit committee at the beginning of each financial year. The plan is determined in accordance with the recommendation of the internal auditor, after consulting with the management and the audit committee. The plan is subject to change and encompasses the entire Group, including corporations held outside of Israel.
Professional standards:	The internal auditor, according to a notice issued by her, performs the audit according to international audit standards of the International Institute of Auditors (IIA).
The scope, nature and continuity of the activity and work plan of the internal auditor:	The board of directors believes that the nature and continuity of the internal auditor’s activity and work plan are reasonable under the circumstances and they are adequate to achieve the Company’s internal audit objectives, while meeting the professional standards specified above.
Free access for the internal auditor:	The internal auditor has been given free access as required under Section 9 of the Internal Audit Law, including continuous and direct access to the Company’s IT systems, including financial data.
Internal auditor’s report:	The internal auditor submits her written reports to the audit committee and the Company's management. The findings of the 2024 audit were sent to the Company's management and the audit committee on November 26, 2024, and on that day a discussion was held on the findings of the audit by the audit committee together with the internal auditor.
Compensation:	Professional fees for internal audit services were determined based on an amount equivalent to ILS 250 per hour on average, amounting to ILS 119 thousand in total. The Company assesses that this compensation does not affect the internal auditor’s professional judgment.

10.2. On February 7, 2025, the Company's board of directors (at the recommendation of the audit committee) appointed Mr. Doron Rozenblum, the managing partner at Kreston Israel, as the Company's internal auditor (the “**internal auditor**”). Presented below are details about the internal auditor:

Auditor’s name:	Doron Rozenblum
Service commencement date:	February 7, 2025
Compliance with the terms and conditions applicable to internal auditors:	The internal auditor meets the conditions prescribed in Section 146 of the Companies Law and Sections 3(a) and 8 of the Internal Audit Law.

Designation of role:	The internal auditor does not hold any other position in the Company other than serving as the internal auditor. The internal auditor does not hold any other position outside of the Company that creates or which
	may result in a conflict of interests with his position as the internal auditor of the Company.
Personal interest:	The internal auditor is not an interested party in the Company, is not an officer of the Company and is not related to any of the above and does not serve as one of the Company's auditors or anyone on its behalf and does not provide external services to the Company, other than internal auditing services.
Ownership of Company securities:	The internal auditor, according to his notice, does not hold any of the Company's securities nor does he hold any securities of an entity related to the Company, as such term is defined in Addendum IV to the Report Regulations.
Commercial/material relationship with the Company:	The internal auditor does not have any material commercial relationship or other material relationship with the Company or an entity related to the Company, as such term is defined in Addendum IV to the Report Regulations.
Employee or external service provider of the Company:	The internal auditor is not an employee of the Group or an external service provider of the Group.
Appointment of the internal auditor:	The appointment of the internal auditor was approved by the Company's board of directors on February 7, 2025, at the recommendation of the Company's audit committee and based on his professional experience as an internal auditor in the area of internal audit.
Organizational superior:	Chairperson of the board of directors.
Internal auditor's qualifications:	The internal auditor holds a BA in accounting (College of Management), an MBA (Ono Academic College), is a certified internal auditor (CIA), certified risk management auditor (CRMA), a certified internal audit quality assurance reviewer (QAR), certified in risk and information systems control (CRISC), and is a certified information systems auditor (CISA). The internal auditor is also the managing partner at Kreston Israel. He has extensive experience in risk management and internal audit along with broad experience in performing internal audit functions in public companies.
The internal auditor being external to the Company:	The internal auditor provides internal audit services as an external party, through his team at Kreston Israel.
Scope of engagement:	The Company's audit committee has not yet approved an audit plan for 2025.

The audit plan:	See the above table for details regarding how the internal auditor's work plan at the Company is established and how it is approved.
Professional standards:	The internal auditor, according to a notice issued by him, performs the audit according to international audit standards of the International Institute of Auditors (IIA).
The scope, nature and continuity of the activity and work plan of the internal auditor:	The Company's audit committee has not yet approved an audit plan for 2025.
Free access for the internal auditor:	The internal auditor has been given free access as required under Section 9 of the Internal Audit Law, including continuous and direct access to the Company's IT systems, including financial data.
Internal auditor's report:	The Company's audit committee has not yet approved an audit plan for 2025 and audit reports have therefore not been submitted for 2025.
Compensation:	Professional fees for internal audit services were determined based on an amount equivalent to ILS 250 per hour on average. The Company assesses that this compensation does not affect the internal auditor's professional judgment.

11. Details about the Company's external auditor

11.1. Name: Ziv Haft, BDO

In accordance with the resolution adopted by the general meeting on December 31, 2024, the accounting firm Ziv Haft, BDO was appointed as the Company's external auditor for 2024, until the end of the Company's next general meeting.

11.2. Auditor's fees (BDO): Presented below are details regarding the fees paid to the auditor for audit services, audit-related services, tax and other services in 2023 and 2024 (EUR 000's):

Year	**Audit services**	**Other services**
	Amount (EUR 000's)	
2023	130(*)	-
2024	280	29(**)

(*) The fee paid to BDO for 2023 only reflects the work on the audit of the annual financial statements as they were only appointed in Q4 2023.

(**) These services primarily included price transfer wok for tax purposes.

It should be noted that in the 2023 annual period, the Company paid its previous auditors (KPMG) approximately EUR 400,000 for auditing services provided by them to the Company in 2023. In 2023 the Company also paid KPMG approximately EUR 95,000 for other services provided in 2023 and primarily included examining the shelf prospectus published by the Company that year.

11.3. <u>Principles to establish the fees and the approving organs</u>: The Company's board of directors was authorized by the Company's shareholders to establish the auditor's fee. The auditor's fee was established through negotiations between the Company's board of directors and the auditor, and the Company's management believes that it is reasonable and customary, *inter alia*, based on the nature of the Company and the scope of its operations. The auditor's fee was approved by the Company's board of directors, while the framework to establish the auditor's fee was based on an assessment of the work hours required to audit the Company, based on the scope of the audited operations and its complexity. It should be noted that the Company's shareholders are the organ which appoints the auditor.

Part C - 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 which are the leading appraisers in the German market in the field of real estate services. The assets appraised by CBRE constitute 76% 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 0.2% 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 32.9 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 11% of the total assets on the Company's balance sheet. During the reporting 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 reporting period.

For more information concerning the major assumptions underlying the appraisals of the Company's assets, see Note 7 to the Company's consolidated financial statements attached as Chapter C to this report.

The appraisals of material investment property assets, were not attached to this report since they are "material" but not "very material" appraisals. 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 report according to the provisions of Regulation 8B(g) of the Report Regulations, since it is a "very material" appraisal made in connection with inventory balances.

Identifying the subject of the appraisal	The timing of the appraisal (Effective date)	Valuation in proximity to the date of the appraisal	Amended valuation as of December 31, 2024 (EUR 000's)	Identifying the appraiser and their 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	Applicable date - December 31, 2024	73,840	73,670	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	4.70%	1.50%-3.00%	94,657	Comparison transactions including price per sqm for similar properties	CBRE's database of signed rental agreements with respect to approximately 438 apartments in the vicinity of the property.
Residential portfolio in Kiel	Applicable date - December 31, 2024	76,180	76,130	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	4.44%	1.50%	103,673	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.

Identifying the subject of the appraisal	The timing of the appraisal (Effective date)	Valuation in proximity to the date of the appraisal	Amended valuation as of December 31, 2024 (EUR 000's)	Identifying the appraiser and their 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 Velbert	Applicable date - December 31, 2024	60,580	60,770	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	4.30%	0.55%	78,517	Comparison transactions including price per sqm for similar properties	CBRE's database of signed rental agreements with respect to approximately 84 apartments in the vicinity of the property.
Residential portfolio in Dortmund	Applicable date - December 31, 2024	48,360	46,170	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	3.99%	1.50%-1.60%	61,003	Comparison transactions including price per sqm for similar properties	CBRE's database of signed rental agreements with respect to approximately 910 apartments in the vicinity of the property.

Identifying the subject of the appraisal	The timing of the appraisal (Effective date)	Valuation in proximity to the date of the appraisal	Amended valuation as of December 31, 2024 (EUR 000's)	Identifying the appraiser and their 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	Applicable date - December 31, 2024	56,650	56,910	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	3.71%	1.00%-1.10%	73,211	Comparison transactions including price per sqm for similar properties	CBRE's database of signed rental agreements with respect to approximately 411 apartments in the vicinity of the property.
Residential portfolio in Leipzig, Magdeburg, Halle	Applicable date - December 31, 2024	46,215	47,205	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	3.68%	2.00%-5.00%	61,327	Comparison transactions including price per sqm for similar properties	CBRE's database of signed rental agreements with respect to approximately 1,600 apartments in the vicinity of the property.

Identifying the subject of the appraisal	The timing of the appraisal (Effective date)	Valuation in proximity to the date of the appraisal	Amended valuation as of December 31, 2024 (EUR 000's)	Identifying the appraiser and their 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 Gelsenkirchen, Duisburg	Applicable date - December 31, 2024	35,268	35,870	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	4.58%	2.00%	46,531	Comparison transactions including price per sqm for similar properties	CBRE's database of signed rental agreements with respect to approximately 1,349 apartments in the vicinity of the property.
Residential portfolio in Oberhausen	Applicable date - December 31, 2024	28,400	27,600	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	5.05%	1.00%	36,948	Comparison transactions including price per sqm for similar properties	CBRE's database of signed rental agreements with respect to approximately 67 apartments in the vicinity of the property.

Identifying the subject of the appraisal	The timing of the appraisal (Effective date)	Valuation in proximity to the date of the appraisal	Amended valuation as of December 31, 2024 (EUR 000's)	Identifying the appraiser and their 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
Land for construction in Gerresheim, Düsseldorf	Applicable date - December 31, 2024	128,200	104,200	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 inaccurate information provided to it by the Company.	Residual value	N/A	N/A	779,900 (estimated value upon the completion of the project)	N/A	N/A

* The range of growth rates reflects different growth rates for approximately 400 cities and independent districts under a DCF calculation. Furthermore, additional property level adjustments are made based on the micro location and accommodation rating.

Part D - Designated Disclosure to the Bondholders

It should be noted that the Company's Bonds (Series B) were repaid in full on December 31, 2024, and subsequent to the date of the report, in January, 2025, the Company made full early redemption of all Bonds (Series C and D), in circulation. For more information, see Section 6.5 above.

Details of promissory notes issued by the Company and which are held by the public on the date of the report (the "Bonds") according to the Eighth Addendum to the Report Regulations

	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?	Yes	Yes
Issuance date	July 22, 2014	February 28, 2024
Series expansion dates	April 4, 2016 August 9, 2023	July 10, 2024
Par value on the issuance date (ILS 000's)	102,165	360,000
Par value on the series expansion date (ILS 000's)	134,028	510,000
Par value as of December 31, 2024 (ILS 000's)	275,640	510,000
Linked par value as of December 31, 2024 (ILS 000's)	316,965	527,971
Accrued interest plus linkage differentials (ILS 000's) as of December 31, 2024	5,720	11,013
Value in the financial statements as of December 31, 2024 (ILS 000's), including interest payable	323,282	527,925
Value on TASE as of December 31, 2024 (ILS 000's)	325,438	534,767
Type and rate of interest	4.05% (annual linked at a fixed rate), subject to adjustments in the event of changes in the rating of the Bonds (Series C) and/or failure to comply with financial covenants.	5.05% (annual linked at a fixed rate), subject to adjustments in the event of changes in the rating of the Bonds (Series D) and/or failure to comply with financial covenants.
Principal Payment Dates	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	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%

	Bonds (Series C)	Bonds (Series D)
	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.	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 January 20th and July 20th of each one of the years 2015 through 2026 (inclusive) commencing as of January 20, 2015. The last interest payment is due on July 20, 2026.	Payable on 1 February and 1 August of 2024-2029 (inclusive) commencing as of August 1, 2024. The final interest payment is due on February 1, 2029.
Linkage base (principal and interest)	Linked (principal and interest) to the Consumer Price Index published on 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
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 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.	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

12. Trustee details

Bonds (Series C) and Bonds (Series D)

(a) Trust company: 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

Bonds (Series C) and Bonds (Series D)

E-mail: trust@rpn.co.il

(d) Postal address: 14 Yad Harutzim St., Tel Aviv-Yafo

13. Ratings

On February 26, 2024, S&P Maalot (the "**rating agency**") 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 Company's immediate report dated February 25, 2024 (Ref. No: 2024-01-016651) hereby included by way of reference.

On July 9, 2024, the rating agency 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 published by the Company on July 9, 2024 (Ref. No: 2024-01-070824) which is included herein by way of reference.

On September 17, 2024, the rating agency 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 by the Company on September 17, 2024 (Ref. No: 2024-15-603955) which is included herein by way of reference.

On November 10, 2024, the rating agency 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 (as stated above in Section 6.10). For more information see the immediate report dated November 10, 2024 (Ref. No: 2024-01-614849) which is included herein by way of reference.

Subsequent to the date of the report, on February 23, 2025, the rating agency announced that at the Company's request it will stop issuing ratings due to the full early repayment of the Company's series of bonds. For more information see the immediate report published on February 23, 2025 (Ref. No: 2025-15-603955) which is included herein by way of reference.

Bond Series	**Series C**	
Name of the rating agency	**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

Bond Series	Series C	
Name of the rating agency	Maalot	
	Bond rating	Issuer's rating
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	Series D	
Name of the rating agency	Maalot	
	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.

Bond Series	Series D	
Name of the rating agency	**Maalot**	
	Bond rating	**Issuer's rating**
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.

14. Meeting the conditions and obligations under the Trust Deeds - Bonds (Series B, C and D)

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 will all the conditions and undertakings pursuant to the Trust Deeds[19], 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:

14.1. The ratio between the Company's equity at the end of each quarter and the net solo financial debt as of that date shall not fall below 187.5%[20]**:**

a. The Company's equity attributed to the majority shareholders as of the end of the reporting period, (namely, as of December 31, 2024), is EUR 482.9 million.

b. The net financial debt, according to the Company's standalone financial statements as of that date is EUR 155.4 million.

Therefore, the ratio between the Company's equity and the net financial debt according to the standalone reports as of the date of the report, (namely, as of December 31, 2024), is approximately 310.77%.

[19] The "**Trust Deeds**" of the Company - The trust deed between the Company and Reznik, Paz, Nevo Trusts Ltd., as trustee for the bondholders (Series B) of the Company of May 23, 2012 (as amended on May 9, 2013); the trust deed between the Company and Reznik, Paz, Nevo Trusts Ltd., as trustee for the bondholders (Series C) of the Company of May 23, 2012 (as amended on July 14, 2014 and May 27, 2018); and the trust deed between the Company and Reznik, Paz, Nevo Trusts Ltd., as trustee for the bondholders (Series C [D?]) of the Company of February 26, 2024.

[20] The requirement to uphold the above ratio only applies to Bondholders of Series B.

14.2. <u>The ratio between the value of the pledged shares and the net debt shall not fall below the base ratio (as defined below)</u>:

	With respect to Bondholders (Series B)	**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 December 31, 2024	-	544,157 shares[21]	686,989 shares[22]
The total issued share capital of BGP as of December 31, 2024	1,978,261 shares		
% of the pledged shares out of BGP's total issued share capital as of December 31, 2024	-	27.5%	34.7%
BGP's equity attributed to the shareholders according to the Company's financial statements as of December 31, 2024 and as of the execution date of the report	EUR 635,351 thousands		
The representative EUR/ILS exchange rate, as published by the Bank of Israel for December 31, 2024	ILS/EUR 3.7964		
Value of the pledged shares as of December 31, 2024	-	ILS 663,478 thousands	ILS 837,629 thousands
Net debt as of December 31, 2024	-	ILS 322,686 thousands	ILS 538,984 thousands
Ratio between the value of the pledged shares to net debt as of December 31, 2024	-	~ 206%	~ 155%

[21] 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 Trust Deed 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).

[22] 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 Trust Deed (Series D).

14.3. <u>The Company also undertook to comply with the following financial covenants in the Trust Deeds</u>:

		With respect to Bondholders (Series B)	**With respect to Bondholders (Series C)**	**With respect to Bondholders (Series D)**	**As of December 31, 2024**
Minimum equity		EUR 150 million	EUR 190 million	EUR 325 million	~ EUR 482.9 million
Restrictions on dividend distributions*	Minimum equity	EUR 160 million	EUR 200 million	EUR 475 million	~ EUR 482.9 million
	Maximum cap ratio**	70%	70%	65%	49.46%
	Minimum ratio between the value of the pledged shares and the net debt	-	-	150%	See Table B above.
Maximum cap ratio**		75%	75%	72.5%	49.46%

(*) 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) 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 Deed (Series B) and Trust Deed (Series C) is zero) (the data below are presented in EUR 000's):

Financial liabilities according to the solo reports	222,177
Financial liabilities of the subsidiaries	340,867
Minus cash, cash equivalents and deposits	(75,442)
The net financial debt, consolidated	**487,602**
<u>The cap</u>[23]	
Equity including minority interests	498,237
The net financial debt, consolidated	487,602
The cap	**985,839**

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

Therefore **this ratio amounts to 49.46%** while according to the Trust Deeds for Series B and C this ratio should be lower than 75%.

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

Financial liabilities according to the solo reports	222,177
Financial liabilities of the subsidiaries	340,867
Minus cash, cash equivalents and deposits	(78,297)
The net financial debt, consolidated	**484,747**
The cap	
Equity including minority interests	498,237
The net financial debt, consolidated	484,747
The cap	**982,984**

Therefore **this ratio amounts to 49.31%** while according to the Trust Deeds this ratio should be lower than 72.5% for Series D.

15. Convention of bondholder meetings

On December 10, 2024, the Trustee published a notice convening a meeting of Bondholders (Series C and Series D), for the Company to report the transaction resulting in it having a change in control (described above in Section 6.10), and to discuss said change in control in light of the provisions of the Trust Deeds for the bonds, which stipulate that the bondholders will have a right to acceleration and/or to exercise collateral if ADLER sells the control in the Company and stops being the controlling shareholder of the Company. On January 3, 2025, the Company announced full and early repayment of Bonds (Series C and D) and there are therefore no grounds for acceleration.

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

To secure the Company's undertakings under the terms of the Trust Deeds for 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 December 31, 2024 totals EUR 635.4 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 (Series B). 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 (Series B). 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 (Series C). 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 Trust Deed (Series D).

Bonds (Series B) were fully repaid on December 31, 2024, and accordingly 35,300 BGP shares pledged in favor of the Bondholders (Series B) were thereby released.

Subsequent to the date of the report, in January 2025, the Company effected early full repayment of its Bonds (Series C and D) in circulation, thereby releasing 544,157 and 686,989 BGP shares pledged in favor of Bondholders (Series C) and Bondholders (Series D), respectively.

Therefore, as of the publication date of the report, BGP shares are no longer pledged in favor of the bondholders.

17. <u>Release of excess collateral</u>

17.1. <u>Bonds (Series B)</u>: The Company may issue a release instruction to the trustee instructing it 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 (Series B).

17.2. <u>Bonds (Series C)</u>: The Company may issue a release instruction to the trustee instructing it 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 (Series C).

17.3. <u>Bonds (Series D)</u>: 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 (Series D).

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

18.1. 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 (Series B).

18.2. 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 (Series C).

18.3. 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 (Series D).

19. 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 Brack German Properties N.V ("**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 December 31, 2024 concerning the Group's assets and liabilities not included in the consolidated financial statements of the pledged investee, compared with the assets and liabilities of the pledged investee and the total of the consolidated balance sheet:

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

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

Data as of December 31, 2024 (EUR 000's)	The Company on a consolidated basis	Assets/ liabilities of the pledged investee	Asset/ liabilities of non-pledged corporations
Total assets	1,165,325	1,083,458	81,867
rrent assets	121,153	39,286	81,867
n-current assets	1,044,172	1,044,172	-
Total liabilities	667,088	432,763	234,325
Current liabilities	154,771	107,534	47,237
Non-current liabilities	512,317	325,229	187,088
Minority interests	15,344	15,344	-
Total equity attributable to shareholders of the Company	482,893	635,351	(152,458)
Percentage of assets of the total assets on the balance sheet	100%	93%	7%
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
Liselot Dalenoord	Chairperson of the board of directors	
Volker Wiegel	CEO	

Report execution date: **March 20, 2025**

Consolidated Statements of Financial Position of BGP B.V

	As of 31 December	
	2024	2023
	EUR 000's	
Current assets		
Cash and cash equivalents	14,670	22,386
Restricted deposits, financial assets and other debit balances	20,181	47,612
Accounts and other receivables for sale of apartments	239	251
Tenants and trade receivables, net	1,418	2,331
Assets of disposal groups held for sale	8,800	-
Total current assets	45,308	72,580
Non-current assets		
Investments in financial assets measured at fair value through profit or loss	3,900	4,508
Inventory of land	104,200	156,100
Investment property - rights in land	26,800	30,200
Investment property - income-generating properties	895,695	928,810
Deposits restricted for investment in properties	8,656	8,038
Accounts receivable, debit balances and other financial assets	4,921	7,524
Deferred taxes	-	-
Total non-current assets	1,044,172	1,135,180
Total assets	1,089,480	1,207,760

Consolidated Statements of Financial Position of BGP B.V

	As of 31 December	
	2024	2023
	EUR 000's	
Current liabilities		
Current maturities of loans from banking corporations	80,250	20,631
Accounts payable, credit balances and other liabilities	20,496	23,213
Current tax liabilities	286	127
Liabilities of disposal groups held for sale	6,500	-
Total current liabilities	107,532	43,971
Non-current liabilities		
Loans from banking corporations	254,117	329,178
Other financial liabilities	5,405	5,707
Deferred taxes	65,707	71,015
Total non-current liabilities	325,229	405,900
Total liabilities	432,761	449,871
Equity attributable to Company's shareholders		
Share capital	20	20
Premium on shares	98,903	142,712
Statutory capital reserve	228,133	256,729
Retained earnings	314,319	342,582
Total equity attributable to shareholders of the Company	641,375	742,043
Minority interests	15,344	15,846
Total equity	656,719	757,889
Total liabilities and equity	1,089,480	1,207,760

Consolidated Statements of Profit or Loss and Other Comprehensive Profit for BGP B.V.

	For the year ended 31 December		
	2024	2023	2022
		EUR 000's	
Revenues from property rentals	49,082	49,776	59,887
Revenues from property management	24,207	24,530	24,837
Property management expenses	(24,182)	(24,207)	(24,830)
Cost of maintenance of rental properties	(6,530)	(8,142)	(10,102)
Net rental and management revenues	42,577	41,957	49,792
Revenues from selling apartments	-	-	-
Cost of selling apartments	(42,161)	(46,726)	(13,556)
Profit (loss) from selling apartments	(42,161)	(46,726)	(13,556)
Group's share in the profits (losses) of companies handled under the equity method	-	-	859
General and administrative expenses	(6,936)	(12,293)	(10,156)
General and administrative expenses relating to land inventory	(1,127)	(1,404)	(1,669)
Profit (loss) before revaluing investment properties	(7,647)	(18,466)	25,270
Increase (decrease) in value of investment properties	(36,739)	(111,687)	(158,872)
Profit (loss) before financing expenses	(44,386)	(130,153)	(133,602)
Financing expenses	(10,967)	(10,079)	(8,428)
Other revenues (expenses), net	(3,850)	(674)	(21,135)
Profit (loss) before taxes on income	(59,203)	(140,906)	(163,165)
Tax abatement (taxes on income)	1,840	14,421	21,220
Total net and comprehensive profit (loss) for the period	(57,363)	(126,485)	(141,945)
Net and comprehensive profit (loss) attributable to:			
Shareholders of the Company	(56,860)	(123,823)	(135,309)
Minority interests	(503)	(2,662)	(6,636)
	(57,363)	(126,485)	(141,945)
Net profit (loss) per share attributable to Company's shareholders (in EUR) - Basic and diluted	(2.87)	(6.26)	(6.84)

Consolidated Statements of Cash-Flow for BGP B.V.

	For the year ended 31 December		
	2024	2023	2022
		EUR 000's	
Cash-flows from operating activities			
Profit (loss) for the period	(57,363)	(126,485)	(141,945)
Adjustments required to present cash-flows from operating activities:			
Adjustments to the profit or loss items:			
Financing expenses, net	10,968	9,300	(7,174)
Decrease (increase) in fair value of financial instruments	-	779	15,603
Decrease (increase) in value of investment properties	36,739	111,687	158,872
Tax expenses, net	(1,840)	(14,421)	(20,813)
Company's share in losses of companies treated under the equity method	-	-	(859)
	45,867	107,345	145,629
Cash-flows from operating activities before changes in operating asset and liability line-items	(11,496)	(19,140)	3,684
Changes in operating asset and liability line-items:			
Decrease (increase) in tenants and trade receivables, financial assets and other debit balances	6,473	246	(3,572)
Increase (decrease) in creditors and debit balances	504	(45)	11,834
	6,977	201	8,262
Net cash deriving from (utilized for) operating activities before activity with land assets and liabilities	(4,519)	(18,939)	11,946
Taxes on income paid	(2,648)	(2,139)	(15,052)
Decrease (increase) in inventory of buildings under construction and inventory of land	49,002	39,178	14,408
Net cash deriving from (utilized for) operating activities	41,835	18,100	11,302

Consolidated Statements of Cash-Flows for BGP B.V.

	For the year ended 31 December		
	2024	2023	2022
		EUR 000's	
Cash-flows for investment activities			
Investment in investment properties - income-generating properties	(8,374)	(7,675)	(14,218)
Investment in investment property - rights in land	(48)	(79)	(12,724)
Return of investment (investment) in companies handled under the equity method	-	-	2,928
Proceeds from the sale of investment properties net transaction costs	13,494	12,810	18,741
Net proceeds from the sale of consolidated companies	-	750	126,101
Net withdrawal (deposit) of restricted deposits	9,474	(8,256)	1,238
Interest earned on deposits	2,713	1,495	408
Net cash deriving from (utilized for) investment activities	17,259	(955)	122,474
Cash-flows for financing activities			
Interest paid	(13,852)	(10,897)	(13,668)
Distribution and payment to minority shareholders	-	(10,000)	-
Loan to third-parties	-	-	-
Acquisition of minority interests	-	-	-
Receipt of long-term bank loans	-	4,868	40,375
Repayment of long-term bank loans	(9,149)	(16,779)	(203,278)
Net cash received/ (paid) to the parent company	(43,809)	(139,842)	196,524
Net cash deriving from (utilized for) financing activities	(66,810)	(172,650)	19,953
Change in cash and cash equivalents	(7,716)	(155,505)	153,729
Balance of cash and cash equivalents at beginning of period	22,386	175,843	23,801
Cash of disposal group held for sale	-	2,048	(2,048)
Balance of cash and cash equivalents at end of period	14,670	22,386	175,482

BRACK CAPITAL PROPERTIES N.V.

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BRACK CAPITAL PROPERTIES N.V.

Consolidated Financial Statements

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Auditor's report to the shareholders of Brack Capital Properties N.V. on the internal control components of the financial reporting pursuant to Regulation 9B(c) of the Securities Regulations (Periodic and Immediate Reports), 1970

We have audited the internal control components of the financial reporting of Brack Capital Properties N.V. and its subsidiaries (hereinafter jointly: the "**Company**") as of December 31, 2024. The control components were established as described below. The Company's board of directors and management are responsible to maintain effective internal control over the financial reporting, and their evaluation of the effectiveness of the internal control components over the financial report is attached to the periodic report prepared for such date. It is our responsibility to give an opinion over the control components of the Company's financial reporting based on our audit.

The audited internal control components on the financial reporting were established in accordance with audit standard (Israel) 911 of the Institute of Certified Public Accountants in Israel "Audit of the internal control components of the financial reporting" (hereinafter: "Audit Standard 911 (Israel)"). These components include: (1) Audits at the organizational level, including audits over the drafting and finalizing process of the financial reports and general audits of the information systems; (2) Audits over the investment property process; (3) Audits over the debt process; (4) Audits over the income processes; (5) Audits over the salary process (all components shall jointly be referred to as: the "audited control components").

We have carried out our audit in accordance with Audit Standard 911 (Israel). Pursuant to this standard, we are required to plan the audit and to execute it with the intention of identifying the audited control components and to attain a reasonable level of assurance that such control components have been effectively fulfilled with respect to all material matters. Our audit included the achievement of an understanding over the internal control of the financial reporting, identifying the audited control components, assessing the risk of there being a material weakness in the audited control components, as well as a review and assessment of the effectiveness of the planning and execution of such control components based on the assessed risk. Our audit, with respect to such control components, also included the execution of other procedures that we thought necessary under the circumstances. Our audit only relates to the audited control components, rather than an internal audit over all of the material processes related to the financial reporting, therefore our opinion relates solely to the audited control components. Similarly, our audit does not relate to the interrelated impact of the audited control components over unaudited ones, therefore, our opinion does not account for such possible effects. We believe that our audit provides a reasonable basis for our opinion in connection with that described above.

Due to structural limitations, internal audits over financial reporting in general, and the components included therein in particular, may not have prevented or discovered the presentation of a misleading representation. Similarly, arriving at conclusions about the future based on any current evaluation is exposed to the risk that the audits may become unsuitable due to changes in circumstances or the extent that the existence of policies or procedures may adversely change.

In our view, based on our audit, the Company has effectively achieved, with respect to all material aspects, the audited control components as of December 31, 2024.

We have also audited, in accordance with the generally accepted auditing standards in Israel, the Company's consolidated financial statements as of December 31, 2024 and 2023, and for two annual periods ending December 31, 2024, and our report, dated March 20, 2025, includes an unqualified opinion on these financial statements.

Tel Aviv, March 20, 2025

Ziv Haft

Auditors

Auditor’s Report to the Shareholders of Brack Capital Properties N.V.

We have audited the accompanying consolidated statements of financial position of Brack Capital Properties N.V. (hereinafter: the "Company") as of December 31, 2024 and 2023, and the related consolidated statements of profit or loss and other comprehensive profit, changes in equity, and cash-flows for both annual periods ended December 31, 2024. These financial statements are the responsibility of the Company’s board of directors and management. Our responsibility is to express an opinion on these financial statements based on our audit.

The Company’s financial statements as of December 31, 2022 and for the annual period ended on the same date were audited by previous auditors whose opinion on such statements dated March 31, 2023, included an unqualified opinion and an emphasis of a matter on the uncertainty of the implementation of the management plan to repay the Company’s liabilities.

We have conducted our audit in accordance with generally accepted auditing standards in Israel, including the standards set forth in the Audit Regulations (Auditor's Operating Methods), 1973. Those standards require that we plan and perform the audit in order to obtain a reasonable measure of assurance that the financial statements are free of material misrepresentation. An audit includes examining samples of evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles applied and significant estimates made by the Company's board of directors and management, as well as assessing the overall presentation of the financial statements. We believe that our audit provides a sufficient basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, with respect to all material aspects, the financial position of the Company and its consolidated companies as of December 31, 2024, and 2023, and their operating results, changes in their equity, and cash-flows for each of the two years ended December 31, 2024, in accordance with International Financial Reporting Standards ("IFRS") and the Israeli Securities Regulations (Annual Financial Statements), 2010.

We have further audited, in accordance with audit standard 911 (Israel) of the Institute of Certified Public Accountants in Israel “Audit over the internal control components of the financial reporting”, the internal control components of the Company’s financial reporting as of December 31, 2024 and our report dated March 20, 2025 includes an unqualified opinion of the effective existence of such components.

Key Issues Regarding the Audit

The key issues pertaining to the audit which are described below are matters which have been or which are required to be addressed by the Company’s board of directors, and which, in our professional judgment, were extremely significant in the audit of the consolidated financial statements for the current period. Among other things, these matters include, any matter which: (1) Refers, or which may refer, to material line-items or disclosures in the financial statements and (2) for which it was particularly challenging, subjective or complex for us to make a judgment. These matters are addressed in our audit and in the general formulation of our opinion on the consolidated financial statements. The manner that these items are addressed below does not change our opinion on the consolidated financial statements as a whole, and through the below we are not giving a separate opinion on these matters or on the line-items or disclosures which they refer to.

Fair value of investment properties

Why the matter was established as a key issue in the audit

The Company has presented its investment properties at fair value as described in the consolidated financial statements as of December 31, 2024. As of December 31, 2024, the fair value of the investment properties totaled EUR 922,495 thousands. Similarly, in 2024 the Company recognized a loss from a decline in the fair value of the investment properties totaling EUR 36,739 thousands as described in Notes 2B, 2C6, 7 to the consolidated financial statements, investment properties are first valued at cost and in subsequent periods the investment properties are measured at fair value, while changes in the fair value are imputed in the statement of profit and loss. The Company engages external appraisers to assess the fair value of the properties. The fair value of the rental properties is assessed by applying a discounted revenue technique while the fair value of the vacant land is set through applying a comparison technique.

The fair value of rental properties classified as investment properties is measured by discounting revenues based on the annual net cash-flow forecast, discounted at a rate which reflects the specific risks included therein and as customary with comparable properties. The Company uses observable market data, to the extent possible, when setting the fair value of the investment properties. However, the setting of the fair value is based on significant estimates entailing uncertainty and on subjective assessments unobservable in the market (level 3), such as: Discount rates and the market value of rental payments, based on professional publications in the relevant markets, if any, and through making comparisons to similar transactions with the required adjustments, additionally, when actual rental agreements exist whose set rates are different to the current market rent, adjustments are made to reflect the actual rental payments for the contractual period. The assessed values take into account the type of tenants actually occupying the rented property or the persons responsible for satisfying the rental commitments or those that may be relevant to a rented property after a vacant property has been occupied and the expected economic lifespan of the property, where these parameters are relevant. The fair value of land is measured through making a comparison with similar property values while applying relevant adjustments.

Changes to these assessments and assumptions are likely to significantly impact the value of the investment properties presented in the Company’s financial statements. We have identified the assessments and assumptions made by the management to measure the fair value of the investment properties as a key issue in the audit because the audit of the fair value of the investment properties required us to make a judgment in order to examine how the management established the appropriateness of the assumptions and assessments used in measuring the fair value of the investment properties.

Response given to the key audit issue

Presented below are the primary procedures we implemented in connection with this key issue as part of our audit:

- We examined the appraisal process for calculating the fair value of the investment properties and the design, implementation and operating effectiveness of particular internal audits related to establishing the fair value of the investment properties.

- We performed procedures which, based on samples, examine the assessments and assumptions applied when measuring the fair value of the investment properties. To perform these procedures we were assisted by an expert appraiser working on our behalf. Among other things, these procedures included:

- Receiving appraisals and checking that their results were properly reflected in the Company's financial statements, including in the disclosure made in the financial statements on the investment property line item.

- Examining the completeness and accuracy of the information and data used in the model to establish the fair value.

- Reviewing the methodology chosen to set the fair value and to check that it is consistent with the characteristics of the property.

- Examining the reasonableness of the assessments chosen by the management based on market practice and data, considering ongoing transactions in the market and industry surveys.

- Comparing the results of the appraisals for the current year against the appraisals made in previous periods while examining the parameters which had changed and the reasons for the changes.

- Examining the proper implementation of the assumptions with calculating the fair value and examining the calculation.

- Assessing the expertise and independence of the appraisers engaged by the Company to prepare the appraisals.

We were assisted by an appraiser engaged on our behalf to examine the reasonableness of the appraisals and the appropriateness of the methodology and estimates used by the Company, with an emphasis on the discount rates relevant to the property based on its characteristics.

- Examining the propriety of the disclosures made in the financial statements.

Tel Aviv, March 20, 2025
Ziv Haft
Auditors

BRACK CAPITAL PROPERTIES N.V.

Consolidated Statements of Financial Position

	Note	As of 31 December 2024	2023
		EUR 000's	
Current assets			
Cash and cash equivalents	3	75,442	42,527
Restricted deposits, financial assets and other debit balances	4	35,254	47,734
Accounts and other receivables for sale of apartments		239	251
Tenants and trade receivables, net	5	1,418	2,331
Assets of disposal groups held for sale	7H	8,800	-
Total current assets		121,153	92,843
Non-current assets			
Investments in financial assets measured at fair value through profit or loss	12	3,900	4,508
Inventory of land	6	104,200	156,100
Investment property - rights in land	7	26,800	30,200
Investment property - income-generating properties	7	895,695	928,810
Deposits restricted for investment in properties		8,656	8,038
Accounts receivable, debit balances and other financial assets	8	4,921	7,524
Total non-current assets		1,044,172	1,135,180
Total assets		1,165,325	1,228,023

March 20, 2025			
Financial statements approval date	Liselot Dalenoord Chairperson	Volker Wiegel CEO	Eran Edelman CFO and Deputy CEO

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

BRACK CAPITAL PROPERTIES N.V.

Consolidated Statements of Financial Position

	Note	As of 31 December 2024	2023
		EUR 000's	
Current liabilities			
Current maturities of loans from banking corporations	10	80,250	20,631
Current maturities of bonds	10	41,745	24,753
Other financial liabilities	12	1,540	4,948
Loan from a controlling shareholder	11	-	75,000
Accounts payable, credit balances and other liabilities	9	24,450	25,126
Current tax liabilities		286	127
Liabilities of disposal groups held for sale	7H	6,500	-
Total current liabilities		154,771	150,585
Non-current liabilities			
Loans from banking corporations	10	254,117	329,178
Bonds	10	180,432	77,755
Other financial liabilities	12	12,061	21,249
Deferred taxes	15	65,707	71,015
Total non-current liabilities		512,317	499,197
Total liabilities		667,088	649,782
Equity attributable to Company's shareholders	17		
Share capital		77	77
Premium on shares		144,237	144,237
Treasury shares		(746)	(746)
Other capital reserves		(531)	(531)
Statutory capital reserve		228,133	256,729
Retained earnings		111,723	162,628
Total equity attributable to shareholders of the Company		482,893	562,394
Minority interests		15,344	15,847
Total equity		498,237	578,241
Total liabilities and equity		1,165,325	1,228,023

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

BRACK CAPITAL PROPERTIES N.V.

Consolidated Statements of Profit or Loss and Other Comprehensive Profit

	Note	2024	2023	2022
		For the year ended 31 December		
		EUR 000's		
Revenues from property rentals		49,082	49,776	59,887
Revenues from property management		24,207	24,530	24,837
Property management expenses	18C	(24,182)	(24,207)	(24,830)
Cost of maintenance of rental properties	18A	(6,530)	(8,142)	(10,102)
Net rental and management revenues		42,577	41,957	49,792
Revenues from selling apartments		-	-	-
Cost of selling apartments		(42,161)	(61,377)	(13,556)
Profit (loss) from selling apartments		(42,161)	(61,377)	(13,556)
Group's share in the profits (losses) of companies handled under the equity method		-	-	859
General and administrative expenses	18B	(13,087)	(13,072)	(13,119)
General and administrative expenses relating to land inventory		(1,127)	(1,404)	(1,669)
Profit (loss) before revaluing investment properties		(13,798)	(33,896)	22,307
Decrease in value of investment properties	7	(36,739)	(111,687)	(158,872)
Profit (loss) before financing expenses		(50,537)	(145,583)	(136,565)
Financing expenses excluding the impact of exchange rate and index changes and hedging transactions	18D	(15,381)	(10,062)	(10,880)
Impact of exchange rate and index changes and hedging and other transactions	18E	(10,449)	(876)	(20,301)
Change in fair value of financial instruments, credit and other losses	18F	(1,627)	(3,226)	(9,533)
Other revenues (expenses), net		(3,850)	(674)	(21,135)
Profit (loss) before taxes on income		(81,844)	(160,421)	(198,414)
Tax abatement (taxes on income)	15	1,840	14,421	21,220
Total net and comprehensive profit (loss) for the period		(80,004)	(146,000)	(177,194)
Net and comprehensive profit (loss) attributable to:				
Shareholders of the Company		(79,501)	(143,338)	(170,558)
Minority interests	;	(503)	(2,662)	(6,636)
		(80,004)	(146,000)	(177,194)
Net profit (loss) per share attributable to Company's shareholders (in EUR) - Basic and diluted	19	(10.28)	(18.54)	(22.06)

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

BRACK CAPITAL PROPERTIES N.V.

Consolidated Statements 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, 2024	77	144,237	(746)	(531)	256,729	162,628	562,394	15,847	578,241
Total net and comprehensive loss for the period	-	-	-	-	-	(79,501)	(79,501)	(503)	(80,004)
Classification per Dutch law	-	-	-	-	(28,596)	28,596	-	-	-
Balance as of December 31, 2024	77	144,237	(746)	(531)	228,133	111,723	482,893	15,344	498,237

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

BRACK CAPITAL PROPERTIES N.V.

Consolidated Statements 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	77	144,237	(746)	(531)	350,956	211,739	705,732	28,509	734,241
Total net and comprehensive loss for the period	-	-	-	-	-	(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	77	144,237	(746)	(531)	256,729	162,628	562,394	15,847	578,241
Balance as of January 1, 2022	77	144,237	(746)	(531)	530,385	202,868	876,290	35,145	911,435
Total annual net and comprehensive profit	-	-	-	-	-	(170,558)	(170,558)	(6,636)	(177,194)
Classification per Dutch law	-	-	-	-	(179,429)	179,429	-	-	-
Balance as of December 31, 2022	77	144,237	(746)	(531)	350,956	211,739	705,732	28,509	734,241

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

BRACK CAPITAL PROPERTIES N.V.

Consolidated Statements of Cash-Flow

	For the year ended 31 December		
	2024	2023	2022
	EUR 000's		
Cash-flows from operating activities			
Profit (loss) for the period	(80,004)	(146,000)	(177,194)
Adjustments required to present cash-flows from operating activities:			
Adjustments to the profit or loss line items:			
Financing expenses, net	23,131	7,105	31,812
Decrease (increase) in fair value of financial instruments	608	779	7,808
Net decrease (increase) in value of investment properties	36,739	111,687	158,872
Tax expenses, net	(1,840)	(14,421)	(20,813)
Company's share in losses of companies treated under the equity method	-	-	(859)
	58,638	105,150	176,820
Cash-flows from operating activities before changes in operating asset and liability line-items	(21,366)	(40,850)	(374)
Changes in operating asset and liability line-items:			
Decrease (increase) in tenants and trade receivables, financial assets and other debit balances	6,521	334	(3,586)
Increase (decrease) in creditors and debit balances	505	(180)	11,844
	7,026	154	8,258
Net cash deriving from (utilized for) operating activities before activity with land assets and liabilities	(14,340)	(40,696)	7,884
Taxes on income paid	(2,648)	(2,139)	(15,052)
Decrease (increase) in inventory of land	51,654	59,411	6,599
Net cash deriving from (utilized for) operating activities	34,666	16,576	(569)

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

BRACK CAPITAL PROPERTIES N.V.

Consolidated Statements of Cash-Flows

	For the year ended 31 December		
	2024	2023	2022
		EUR 000's	
Cash-flows for investment activities			
Investment in investment properties - income-generating properties	(8,374)	(7,675)	(14,218)
Investment in investment property - rights in land	(48)	(79)	(12,724)
Return of investment (investment) in companies handled under the equity method	-	-	2,928
Proceeds from the sale of investment properties net transaction costs	13,494	12,810	18,741
Net proceeds from the sale of consolidated companies (a)	-	750	126,101
Net withdrawal (deposit) of restricted deposits	(5,526)	(8,256)	1,238
Interest earned on deposits	2,713	1,495	408
Net cash deriving from (utilized for) investment activities	2,259	(955)	122,474
Cash-flows for financing activities			
Interest paid	(20,226)	(16,164)	(21,196)
Distribution and payment to minority shareholders	-	(10,000)	-
Payments of financial liability for exchange rate hedging	(4,573)	(11,335)	-
Receipt of long-term bank loans	-	4,868	40,375
Receipt of a loan from the controlling shareholder	-	-	150,000
Repayment of loan from the controlling shareholder	(75,000)	(75,000)	-
Net issuance of bonds	130,745	-	162,518
Repayment of bonds	(25,807)	(61,209)	(62,660)
Repayment of long-term bank loans	(9,149)	(16,779)	(203,278)
Net cash deriving from (utilized for) financing activities	(4,010)	(185,619)	65,759
Change in cash and cash equivalents	32,915	(169,998)	187,664
Balance of cash and cash equivalents at beginning of period	42,527	210,477	24,861
Cash of disposal group held for sale	-	2,048	(2,048)
Balance of cash and cash equivalents at end of period	75,442	42,527	210,477

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

BRACK CAPITAL PROPERTIES N.V.

Consolidated Statements of Cash-Flows

	For the year ended 31 December		
	2024	2023	2022
		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	240,000
Lease liabilities	-	-	-
Cash and cash equivalents	-	403	2,451
Net working capital	-	(95)	(2,513)
Other liabilities	-	(1,000)	(22,875)
Loans from banking corporations, net	-	(7,712)	(63,968)
Deferred taxes, net	-	(1,954)	(26,994)
	-	13,642	126,101
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 (*)	126,101

(*) The balance was received in January 2024. An advance of approximately EUR 750 thousands was received in December 2023. For more information see Note 7F(2).

The accompanying notes are an integral part of the 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.

On November 4, 2024, the Company's former controlling shareholder, ADLER Real Estate AG ("**ADLER**") and the Company's former second largest shareholder LEG Grundstcksverwaltung 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. Following completion of the transaction, which occurred on January 3, 2025, LEG holds 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, 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 paid 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 date oof the acquisition of control as aforesaid.

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, as of January 1, 2024, 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 1% of the Company's total assets and total revenues. It should be noted that subsequent to the date of the report the Company sold one of its commercial properties. See Note 7H(1) 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).

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

A. Definitions

In these financial statements –

(1) The Company - Hereinafter Brack Capital Properties N.V.

(2) The Group - The Company and its consolidated companies.

(3) Consolidated companies/subsidiaries - companies, including partnerships, whose reports are fully consolidated, directly or indirectly, with the Company's reports.

(4) Investees - Consolidated companies and companies, including a partnership or joint venture, in which the Company's investment is included, directly or indirectly, in the financial statements as equity.

(5) Joint arrangements - Arrangements in which the Group has joint control achieved by a contractual agreement that requires unanimous agreement regarding the activities that significantly affect the returns of the arrangement.

(6) Related party - As defined in International Accounting Standard (2009) 24 regarding related parties.

(7) Interested parties - As defined in paragraph (1) of the definition of "interested party" in a corporation in Section 1 of the Securities Law, 1968.

B. 1. Basis of measurement

The Company's financial statements have been prepared on a cost basis, except for:

- Investment property which is measured at fair value;
- Financial instruments and derivatives and others which are measured at fair value through profit or loss;
- Non-current assets and disposal groups held for sale;
- Deferred tax assets and liabilities;
- Provisions/allowances
- Investments in investee companies and joint ventures.

The Company has elected to present its statement of comprehensive profit or loss according to the operating characteristics method.

2. Declaration on compliance with International Financial Reporting Standards

The consolidated financial statements have been compiled by the Group in accordance with International Financial Reporting Standards ("IFRS").

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

The consolidated financial statements were approved for publication by the Company's board of directors on March 20, 2025.

3. Consistent accounting policies

The accounting policies applied in the financial statements are consistent for all presented periods unless indicated otherwise (also see section Y).

C. Significant usage of estimates and judgments in the preparation of the financial statements

The preparation of the financial statements according to IFRS requires the Company's management to make judgments, estimates and assumptions that impact the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. It should be clarified that actual results may differ from these estimates.

When formulating the accounting estimates used to prepare the Group's financial statements, Company's management is required to make assumptions regarding circumstances and events that involve significant uncertainty. In its judgment to determine the estimates, Company's management relies on past experience, various facts, external factors and reasonable assumptions according to the circumstances relevant to each estimate. The estimates and underlying assumptions are reviewed regularly. Changes in accounting estimates are recognized in the period in which the estimates are revised and in any future affected period. Information regarding assumptions made by the Group concerning the future and other primary causes for uncertainty with the estimates where a significant risk exists that their result will be a material adjustment to the book values of assets and liabilities during the next fiscal year is included in the following notes:

1. Business combinations and goodwill

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

Direct acquisition costs are directly imputed in the statement of profit or loss as incurred.

2. The timing of fulfilling performance obligations

The Company examines the date of transfer of control over the asset or service in order to identify the timing of the recognition of revenues from contracts with customers at a point in time or over time (particularly from revenues from the sale of apartments). Among other things, the Company examines whether the customer gains control over an asset at a specific point in time or enjoys the economic benefits concurrently with the Company's performance. In addition, the Company also takes into account the relevant provisions of the law and regulation in order to determine the timing of revenue recognition. For more information see section T below

3. Functional/operating currency and presentation currency

The presentation currency of the financial statements is Euro.

The Group determines the operating currency for each Group member, including companies presented under the equity method. The operating currency for all group members is the Euro.

4. Transactions, assets and liabilities in foreign currency

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

5. CPI-linked money items

The Group has issued bonds which are linked to the CPI. Monetary assets and liabilities which according to their terms and conditions are linked to changes in the Israeli Consumer Price Index (hereinafter: "CPI") are adjusted based on the relevant index on each reporting date according to the terms of the agreement.

6. Investment properties

Investment properties that can be reliably measured are presented at fair value at the end of the reporting period. Changes in fair value are recognized in profit or loss. Fair value is generally determined by independent appraisers who specialize in property valuations and who have the required know-how and experience, as well as by the Group’s management which has much professional know-how, using economic valuations that involve valuation techniques and assumptions of estimated projected future cash-flows from the properties and assess the suitable discount rate for these cash-flows. To the extent possible, the fair value is determined based on recent property transactions with similar characteristics and location of the valued asset.

The fair value measurement of investment property requires the appraisers and the Company's management to use certain assumptions regarding the rates of return relevant to the Group's properties, future rental amounts, occupancy rates, contract renewal terms, the probability of leasing vacant areas, property operating expenses, the tenants' financial stability and the implications of any investments made for future development purposes in order to assess the future expected cash-flows from the properties. Any change in the assumptions used to measure the investment property is liable to affect fair value. Also see Note 7.

7. Inventory of land

The net realizable value is assessed based on the Company’s evaluation including forecasts and estimates of the proceeds expected to be generated from the sale of the project inventory and the construction costs necessary to bring the inventory to a saleable condition. Additional information is provided in section J.

8. Deferred tax assets

Deferred tax assets are recognized for unutilized carryforward tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be generated in the future against which the losses can be utilized. Managerial judgments are required to determine the amount of deferred tax assets that can be recognized, based upon the timing and level of future taxable profits, its source and the tax planning strategy. Additional information is provided in section P.

9. Fair value measurement

Fair value is the price that would be received to sell an asset or that would be paid to transfer a liability in a typical transaction between market participants on the measurement date. Fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interests. Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, while maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities measured at fair value or for which fair value is disclosed are categorized into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are directly or indirectly observable.
Level 3: Inputs that are not based on observable market data. (Valuation techniques which use inputs that are not based on observable market data)

D. Consolidated financial statements

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

The financial statements of the Company and of the subsidiaries are prepared for the same dates and periods. The Company's consolidated financial statements are prepared using accounting policies uniform and consistent with those in the subsidiaries' financial statements. Significant intragroup balances and transactions and gains or losses resulting from intragroup transactions are eliminated in full in the consolidated financial statements.

Minority interests, which are instruments that confer a right of ownership in the present and grant their holder a share in net assets upon liquidation (for example: ordinary shares) are measured on the date of the business combination at fair value or according to their relative share in the identified assets and liabilities of the investee, separately on the basis of each transaction.
Selection of this accounting policy is not permitted for other instruments that meet the definition of minority interests (for example: Options for ordinary shares). These instruments are measured at fair value or according to other relevant IFRS standards.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as a change in equity by adjusting the carrying amount of the minority interests with a corresponding adjustment of the equity attributable to equity holders of the Company less / plus the consideration paid or received.

Upon the loss of control, the Group derecognizes the subsidiary's assets and liabilities, any minority rights and other equity components attributed to the subsidiary. If the Group is left with any investment in the former subsidiary, then the remaining investment is measured according to its fair value at the time of loss of control. The difference between the consideration and the fair value of the investment balance and the derecognized balances is recognized in profit and loss in the other income or expenses line-item. Starting from that date, the remaining investment is treated at equity method or as a financial asset in accordance with the provisions of IFRS 9, according to the degree of attributable influence of the Group to the company.
The amounts recognized in equity through other comprehensive income with respect to that subsidiary are reclassified to profit or loss or retained earnings, in the same manner as would have been required if the subsidiary had personally disposed the relevant assets or liabilities.

E. Investment in joint arrangements

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

F. Investments accounted for using the equity method

The Group's investments in companies under joint control and consolidated companies are accounted for using the equity method.
Under the equity method, the investment in the consolidated company or in the joint venture is presented at cost with the addition of post-acquisition changes in the Group's share of net assets, including other comprehensive income or loss of the consolidated company or the joint venture.

G. Investments accounted for using the equity method

Gains and losses arising from transactions between the Group and the consolidated company or the joint venture are eliminated in accordance with the holding rate. Losses recognized under the equity method beyond the Group's investment in ordinary shares are attributed to the rest of the Group's rights in investees in reverse order to their seniority. Once the rights have been reduced to zero the Group does not recognize additional losses of the investee company unless the Group has a commitment to support the investee company or has paid amounts for it. If, subsequently, the investee company reports profits, the Group begins to recognize its share in those profits only after its share in the profits equals the share in unrecognized losses. The Group ceases to apply the equity method from when it loses the material effect on the consolidated company or the joint control of the joint venture and accounts for the remaining investment as a financial asset or subsidiary, as the case may be.

The financial statements of the Company and of the consolidated company or joint venture are prepared as of the same dates and periods. The Group’s consolidated financial statements are prepared using accounting policies uniform and consistent with those in the financial statements of the consolidated company and the joint venture.

H. Cash equivalents

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

I. Short-term deposits

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

J. Inventory of land

Cost of inventories of land include direct identifiable costs for the land, such as taxes, fees and duties and construction costs.
Inventories of land are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated completion costs and costs necessary to make the sale.

K. Financial instruments

1. Financial assets
Financial assets are measured upon initial recognition at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets, except for financial assets measured at fair value through profit or loss in respect of which transaction costs are recorded in profit or loss. The Company classifies and measures financial assets in its financial statements on the basis of the following criteria:
(a) The Company's business model for managing financial assets; and
(b) The contractual cash-flow terms of the financial asset.

1A. The Company measures debt instruments at amortized cost when:
The Company's business model is to hold the financial assets in order to collect their contractual cash-flows, and the contractual terms of the financial assets give rise on specified dates to cash-flows that are solely payments of principal and interest on the outstanding principal amount.
After initial recognition, the instruments in this category will be presented according to their terms at amortized cost using the effective interest rate method, less any provision for impairment.
In addition, on the date of initial recognition, a company may designate a debt instrument as measured at fair value through profit or loss, without option to change this designation, if such designation eliminates or significantly reduces inconsistencies in measurement or recognition, for example if the related financial liabilities are also measured at fair value through profit or loss.

1B. The Company measures debt instruments at fair value through profit or loss when:
A financial asset that is a debt instrument does not meet the criteria for measuring it at amortized cost or at fair value through other comprehensive income. After initial recognition, the financial asset is measured at fair value when gains or losses from fair value adjustments are recognized in profit or loss.

1C. Equity instruments and other financial assets held for trade
Investments in equity instruments do not meet the above criteria and are therefore measured at fair value through profit or loss.
Other financial assets held for trade such as derivatives will be measured at fair value through profit or loss unless they are designated as instruments for effective hedging.
Dividend income from investments in equity instruments is recognized on the date of record for the entitlement to a dividend in the statement of profit or loss.

2. Impairment of financial assets
   The Company evaluates at the end of each reporting period the loss allowance for financial debt instruments which are not measured at fair value through profit or loss.
   The Company distinguishes between two types of loss allowances:

   a) Debt instruments whose credit risk has not increased significantly since initial recognition, or whose credit risk is low - the loss allowance recognized in respect of this debt instrument is measured at an amount equal to the expected credit losses within 12 months from the reporting date (12-month ECLs); or
   b) Debt instruments whose credit risk has increased significantly since initial recognition, and whose credit risk is not low - the loss allowance recognized is measured at an amount equal to the expected credit losses over the instrument's remaining term (lifetime ECLs).

   The Company has short-term financial assets such as trade receivables in respect of which the Company applies a simplified approach and measures the loss allowance in an amount equal to the lifetime expected credit losses.

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

   Measurement of expected credit losses
   Expected credit losses throughout the lifetime of the instrument are expected credit losses resulting from all possible failure events throughout the lifetime of the financial instrument. Expected credit losses in a 12-month period are the part of the expected credit losses resulting from possible failure events during a 12-month period from the reporting date. The maximum period that is taken into account in the assessment of expected credit losses is the maximum contractual period over which the group is exposed to credit risk.

   The expected credit losses are capitalized according to the effective interest rate of the financial asset.

3. Derecognizing financial assets
   Financial assets are derecognized when the Group's contractual rights to the cash-flows from the financial asset expire, or when the Group transfers the rights to receive the cash-flows from the financial asset in a transaction in which all the risks and benefits from ownership of the financial asset have been substantially transferred.
   If the Group retains substantially all the risks and benefits arising from the ownership of the financial asset, the Group continues to recognize the financial asset.

4. Financial liabilities

   4A. Financial liabilities measured at amortized cost
   At initial recognition, the Company measures financial liabilities at fair value net of transaction costs directly attributable to the issue of the financial liability. After initial recognition, the Company measures all the financial liabilities at amortized cost using the effective interest rate method, except for financial liabilities at fair value through profit or loss such as derivatives.

   4B. Financial liabilities measured at fair value through profit or loss
   At initial recognition, the Company measures financial liabilities (derivatives) that are not measured at amortized cost at fair value, when transaction costs are recognized in profit or loss. After initial recognition, changes in fair value are carried to profit or loss.

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

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

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

When there is a modification in the terms of an existing financial liability, the Company evaluates whether the modification is substantial, taking into account qualitative and quantitative information.

The terms are materially different if the discounted present value of the cash-flows under the new terms, including any fees paid, less any fees received and discounted using the original effective interest rate, differs by at least ten percent from the discounted present value of the remaining cash-flows of the original financial liability.

In addition to the aforementioned quantitative test, the Group examines, among other things, whether there have also been changes in various economic parameters inherent in the exchanged debt instruments. Therefore, as a general rule, exchanges of index-linked debt instruments for non-index-linked instruments are considered exchanges with substantially different conditions even if they do not meet the quantitative test performed above.

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

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

6. Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position if there is a legally enforceable right to set off the recognized amounts and there is an intention either to settle on a net basis or to concurrently realize the asset and settle the liability. The right to set-off must be legally enforceable not only in the ordinary course of business of the parties to the agreement but also in case of bankruptcy or insolvency of one of the parties. In order for the right to exist, it should not be dependent on a future event or that in certain periods of time it will not apply or that there will be events that will cause it to expire.

L. Derivative financial instruments

The Group sometimes enters into contracts for derivative financial instruments such as forward currency contracts (a forward contract) in respect of foreign currency and interest rate swaps (a swap) and also ‘cap’ transactions to hedge risks associated with foreign exchange rates and interest rate fluctuations (these transactions are therefore not recognized as accounting hedge transactions).

Any gains or losses arising from changes in the fair values of the devices are immediately imputed in the net exchange rate, index and currency hedging transaction differentials in the profit or loss report.

M. Investment properties

An investment property is real estate (land or a building or both) held by the Group (including right of use assets – see section N below) to earn rental income or for capital appreciation or both rather than for use in the production or supply of goods or services, or for administrative purposes or to be sold in the ordinary course of business.

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

The transfer of a property from investment property to inventory is made at the inception of development with the intention of selling the property. The cost considered for accounting treatment on the transition date is the fair value at the time of change on realization.
Investment property is derecognized on disposal or when the investment property ceases to be used and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset in the financial assets is recognized in profit or loss in the period of the disposal.

Investment property in development designated for future use as investment property is also measured at fair value provided that fair value can be measured reliably. The cost base of investment property in development includes the cost of land plus borrowing costs used to finance construction, direct planning and development costs and brokerage fees for rental agreements.

N. Borrowing costs for qualifying assets

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

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

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

O. Non-current assets or groups of assets and liabilities held for sale

Non-current assets or groups of assets and liabilities are classified as held for sale if it is highly probable that their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets must be available for immediate sale in their present condition, the Company must be committed to sell, there must be a program to locate a buyer and it is highly probable that a sale will be completed within one year from the date of classification. The Group's policy on investment property is to classify these assets as held for sale only when there is a contract to sell these assets with a buyer. From the date of such initial classification, properties held for sale are no longer depreciated and are presented separately as current assets at the lower of their carrying amount in the financial statements and their fair value less sale costs, other than investment property which is presented at fair value. When the Company no longer plans to sell an asset in a sale transaction, it ceases to classifyt the asset as held for sale and measures it at the lower of its carrying amount had it not been classified as held for sale or the recoverable amount of the asset on the date of the decision not to sell the asset.
In addition, the Company tests the impairment of assets and liabilities held for sale similar to all of the Company's assets and according to the relevant standards.

P. Taxes on income

Current or deferred taxes are recognized in profit or loss, except to the extent that they relate to items which are recognized in other comprehensive income or equity.

1. Current taxes
   The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date as well as adjustments required in connection with the tax liability in respect of previous years. The Group offsets current tax assets and liabilities if there is an enforceable legal right to offset current tax assets and liabilities and there is an intention to eliminate current tax assets and liabilities on a net basis or for the current tax assets and liabilities to be settled at the same time.

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

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

   Taxes that would apply in the event of the disposal of investments in investees have not been taken into account in computing deferred taxes, as long as the disposal of the investments in investees is not probable in the foreseeable future. Also, deferred taxes that would apply in the event of distribution of earnings by investees as dividends have not been taken into account in computing deferred taxes, since the distribution of dividends does not involve an additional tax liability or since it is the Company's policy not to initiate distribution of dividends that would trigger an additional tax liability.
   Deferred taxes are measured at the tax rate expected to apply when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted by the reporting date.

   Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is not probable that they will be utilized. Deductible carry-forward losses and temporary differences for which deferred tax assets have not been recognized are reassessed and deferred tax assets are recognized to the extent that their recoverability has become probable.

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

Q. Revenue recognition

Revenues from customer contracts are recognized when the control over the goods or services is transferred to the customer. The transaction price is the amount of the consideration that is expected to be received based on the contract terms, excluding amounts collected on behalf of third parties (such as taxes).
The Group recognizes revenues when the customer obtains control over the promised goods or services. The revenues are measured based on the total consideration the Group expects to be entitled to in consideration for transferring the goods or services promised to the customer, apart from amounts collected in favor of third-parties.
Based on the Group's operating segments, it bears risks deriving from revenues from property management, and therefore the Company recognizes its revenues on a gross basis.

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

R. Reporting revenues using gross basis or net basis

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

S. Financing revenues and expenses

Financing revenues comprise interest income on amounts invested. Changes in the fair value of financial assets measured through profit or loss also include revenues from dividends and interest.

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

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

T. Profit (loss) per share - Basis and dilution

Earnings per share are calculated by dividing the net profit (loss) attributable to the Company's shareholders by the weighted number of ordinary shares outstanding during the period.
Basic earnings per share only include shares that were actually outstanding during the period. Excluding treasury shares.

U. Provisions/allowances

A provision in accordance with IAS 37 is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Presented below are the types of provisions included in the financial statements:

1. Onerous contracts

A provision for onerous contracts is recognized when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received by the Group from the contract. The provision is measured at the lower of the present value of the anticipated cost for cancelling the contract and the present value of the net anticipated cost of fulfilling it. The Company frequently reviews the need for making a provision for onerous contract according to the requirements of IAS 37 which are relevant to all contracts in which revenue is recognized according to IFRS 15.

2. Legal claims

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

V. Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly relating to the issuance of ordinary shares and warrants for shares less the tax implications, are presented as a deduction from equity.
Incremental costs directly relating to the expected issuance of an instrument to be classified as an equity instrument are recognized as a deferred expenses in the statement of financial position. The costs are deducted from equity upon the initial recognition of the equity instruments or are amortized as financing expenses in profit or loss when the issuance is no longer expected to take place.

W. Treasury shares

When share capital recognized in equity is repurchased by the Group, the consideration amount paid, including direct costs net the tax effect, is presented as a deduction from equity. The repurchased shares are classified as treasury shares. When treasury shares are sold or reissued, the consideration amount is recognized as an increase in equity and the surplus from the transaction is included in the balance of the premium and a shortage from the transaction is reduced from the balance of retained earnings.

X. Impairment of non-financial assets

The Company evaluates the need to record an impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying amount is not recoverable.

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

An impairment loss of an asset is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Reversal of an impairment loss, as above, shall not be increased above the lower of the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years and its recoverable amount. The reversal of impairment loss of an asset presented at cost is recognized in profit or loss.

Investments in a consolidated company or joint venture, after application of the equity method, the Company determines whether it is necessary to recognize any additional impairment loss with respect to the investment in consolidated companies or joint ventures. The Company determines at each reporting date whether there is objective evidence that the carrying amount of the investment in the consolidated company or the joint venture is impaired. Impairment is examined with respect to the entire investment, including the goodwill attributed to the consolidated company or the joint venture.

Y. <u>Disclosure of new IFRS in the period prior to adoption</u>

International Financial Reporting Standard 18, Presentation and Disclosure in Financial Statements (hereinafter: "IFRS 18" or the "new standard")

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.

Presented below is an overview of the primary changes to the financial statements with the application of the new standard compared to the current presentation and disclosure provisions:

- 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 about disclosures on 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.

Pursuant to the provisions of IFRS 18, early adoption is possible if disclosure is made, however, pursuant to Corporate Decision No. 2024-1 regarding the postponement of early adoption of International Financial Reporting Standard 18, published by the Israel Securities Authority staff on August 4, 2024, early adoption will be deferred and will only be permitted starting from January 1, 2025.

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.

Z. <u>Initial adoption of new financial reporting standards and amendments to existing accounting standards</u>

Below is information regarding amendments to International Financial Reporting Standards that the Company applied for the first time as of January 1, 2024.

Amendments to International Accounting Standard 1, Presentation of Financial Statements (collectively, the "IAS 1 amendments")

The amendments regarding the classification of liabilities as current or non-current were published in January 2020 (the "January 2020 amendments") to clarify the classification of liabilities in the statement of financial position as either current or non-current. Additionally, amendments regarding non-current liabilities with financial covenants were published in October 2022 (the "October 2022 amendments") with the aim of both improving the information that a company provides about liabilities arising from loan arrangements under which the company has the right to defer settlement of a liability for at least 12 months after the reporting period, subject to meeting specific conditions included in those arrangements (hereinafter: "financial covenants") and also to address user concerns regarding the implications of applying the January 2020 amendments.

Presented below is an overview of the primary amendments to IAS 1:

- The right to defer settlement of a liability for at least 12 months after the reporting period must be substantive and must exist at the end of the reporting period. A company's right to defer settlement of a liability arising from a loan arrangement for at least 12 months after the reporting period may be subject to compliance with financial covenants. These financial covenants include those that:
  - Affect whether this right exists at the end of the reporting period if the company is required to meet the financial covenants at or before the end of the reporting period, even if compliance is assessed after the reporting period.
  - Will not affect whether this right exists at the end of the reporting period if the company is required to meet the financial covenants only after the reporting period.
- The classification criterion based on the existence of a right to defer settlement for at least 12 months after the reporting period is not affected by management’s intentions or expectations regarding exercising the right, or by the actual settlement of the liability within 12 months after the reporting date.
- "Settlement" for the purpose of classifying liabilities as current or non-current, refers to a transfer to the counterparty that results in extinguishing the liability. This includes the transfer of cash or other economic resources such as goods or services or equity instruments, except in cases where the liability to transfer equity instruments arises from a debt-to-equity conversion option that is classified as an equity instrument and is separately recognized as the equity component of a compound financial instrument.
- Additional disclosure requirements have been introduced regarding the settlement of non-current liabilities after the reporting period, as well as information that enables financial statement users to understand the risk that liabilities arising from loan arrangements classified as non-current - where the company's right to defer settlement is subject to compliance with financial covenants during the 12 months following the reporting period - may become payable within that period.

The IAS 1 amendments have been applied retrospectively for annual periods beginning on or after January 1, 2024. The Company has adopted the amendments in its financial statements starting from January 1, 2024. The adoption of the amendments does not have a material impact on the classification of non-current liabilities with financial covenants.

NOTE 3 - CASH AND CASH EQUIVALENTS

	As of 31 December	
	2024	2023
	EUR 000's	
Cash	15,085	42,227
Short-term deposits	60,357	300
	75,442	42,527

NOTE 4 - RESTRICTED DEPOSITS, FINANCIAL ASSETS AND OTHER DEBIT BALANCES

	As of 31 December	
	2024	2023
	EUR 000's	
Restricted deposits and bank accounts	11,487	18,965
Prepaid expenses	395	198
Institutions	1,429	1,310
Accounts receivable for selling investment properties	-	13,494
Receivables for interest on a loan given	-	1,628
Loan given to third-parties (1)	6,397	11,628
Short-term deposit (2)	15,000	-
Other receivables and credit balances	546	511
	35,254	47,734

-

(1) Loan given to purchase the minority interests in Grafental. For additional details see Note 16B(4).

(2) The Company was returned the amount in January 2025 as part of the early redemption of the bonds. For more information see Note 22(1).

NOTE 5 - TENANTS AND TRADE RECEIVABLES, NET

	As of 31 December	
	2024	2023
	EUR 000's	
Open debts and revenues receivable	4,894	7,185
Less - provision for credit losses	(3,476)	(4,854)
	1,418	2,331

Presented below is the movement in the provision for credit losses:

	As of 31 December	
	2024	2023
	EUR 000's	
Balance as of 1 January	4,854	6,263
Changes during the year		
Movement in the provision throughout the year	1,309	1,222
Recognition of bad debt written off	(2,687)	(2,631)
Balance as of 31 December	3,476	4,854

NOTE 6 - LAND INVENTORY

As of December 31, 2024, land inventory refers to the Company's sole project: The Gerresheim project in Dusseldorf, Germany. It should be noted that in October 2024, the Company sold the land on which Phase K of the Grafental project (which is also located in Dusseldorf, Germany), was expected to be built.

A. Composition of the land inventory - Non-current assets

	As of 31 December	
	2024	2023
	EUR 000's	
Cost of the land	141,645	175,917
Development costs, taxes and levies	11,356	15,986
Financing expenses capitalized onto the land	45,181	39,134
Impairment of value of inventory (*)	(93,982)	(74,937)
	104,200	156,100

(*) During the reporting period the Company recognized an impairment in land inventory totaling approximately EUR 19.0 million. The impairment in value is primarily due to an increase in the anticipated construction costs for the Gerresheim project classified as "land inventory". (The impairment in value was classified in the profit and loss statement in the "cost of selling apartments" line-item). The sharp 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.

B. Sales of land inventory throughout the year

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. 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.

NOTE 7 - INVESTMENT PROPERTY - RIGHTS IN LAND AND INCOME-GENERATING PROPERTIES

C. Composition and movement

	As of 31 December	
	2024	2023
	EUR 000's	
Balance as of 1 January	959,010	960,423
Changes during the year (also see section F below)		
CapEx additions throughout the year	8,424	7,754
Disposal of investment properties due to a sold subsidiary being excluded from the consolidation	-	(23,000)
Classification of investment property as properties held for sale	(8,200)	-
Classification of properties held for sale as investment property	-	125,869
Fair value adjustment	(36,739)	(112,036)
Balance as of 31 December	922,495	959,010

	As of 31 December	
	2024	2023
	EUR 000's	
Investment property - rights in land	26,800	30,200
Investment property - income-generating properties	895,695	928,810
Balance as of 31 December	922,495	959,010

D. Investment property is presented at fair value which has been determined based on an appraisal 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. When it is not possible to refer to recent transactions then the appraisals are performed based on the residual value method (liquidation method) as determined by the appraiser with respect to similar properties and location to the property owned by the Company. The value is set on the basis of the estimated expected future income from the completed project, through using yield returns adjusted based on relevant risks to the construction process, including building and rental risks which are higher than the current yields with respect to similar investment property whose construction has been completed.

During the reporting period it was reported that ADLER (the Company's former controlling shareholder) and LEG (the Company's second largest shareholder at the time), entered into a transaction for the acquisition of control in the Company. As of the date of the acquisition, and according to the Company's assessment, based on external appraisers, this acquisition has had no impact on measuring the fair value of the properties.
It should be noted that as part of the acquisition of control transaction, which was completed in January

2025, LEG acquired approximately 52.78% of the Company's shares at a price of EUR 45 per share. This price reflects a total value of approximately EUR 348 million for 100% of the Company's shares, while the Company's equity, as of December 31, 2024, comes to approximately EUR 533 million.

It should be noted that Company shares were purchased as part of the acquisition of control transation, while the measurement of the value refers to the individual property level. Additionally, according to the public reports of ADLER, which is publicly listed in Germany, it is noted that ADLER is currently in the midst of a restructuring process and that it is contending with liquidity issues and challenges with finding sources of financing.

E. Material assumptions used in the appraisals presented below (presented on the basis of weighted averages):

	As of 31 December	
	2024	2023
Income-generating (residential)		
Discount rate (%)(*)	5.41	5.24
Cap rate (%)(*)	3.91	3.74
Long-term vacancy rate (%)	2.01	2.17
Monthly rental fee per sqm (EUR)	8.40	8.18
Income-generating property (commercial)		
Discount rate (%)(*)	8.48	8.63
Cap rate (%)(*)	7.42	7.78

* 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.

F. Fair value adjustment classified as level 3 in the fair value hierarchy:

Investment property - Rights in land and income-generating properties which are classified as level 3 in the fair value hierarchy, excluding specific properties which are the subject of a binding sale agreement which are classified as level 2 in the fair value hierarchy. For more information regarding these specific properties see Note 13.

Sensitivity analysis

Based on NOI of approximately EUR 41.1 million (standardized NOI) any 25 point change in the cap rate correlates to an approximately EUR 51.9 million fair value adjustment.

G. Pledges
See Note 16A.

H. Sale of investment properties during the year

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. The property secures a bank loan totaling approximately EUR 6.5 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 and it classified the property and the bank loan as part of assets and liabilities held for sale. The transaction was completed subsequent to the date of the report, on January 20, 2025, and the Company received approximately EUR 2.3 million in cash.

I. Annual rental revenues from investment properties

The Company owns a residential income-generating property for which the majority of its rental contracts are for an unlimited term. As of December 31, 2024, the Company has residential rental agreements which generated annual rental revenues of approximately EUR 49.0 million.

J. Assets and liabilities of disposal groups held for sale

Further to that stated in Note 1 and in Note 7H above, and according to a decision by the Company's management, the assets were classified according to disposal groups held for sale. The balances of assets and liabilities classified as disposal groups held for sale, include:

	As of 31 December	
	2024	2023
	EUR 000's	
Assets of disposal groups held for sale		
Investment properties - income-generating properties	8,800	-
Investment property - rights in land	-	-
Accounts receivable (customers) and other debit balances	-	-
Cash and cash equivalents	-	-
	8,800	-
Liabilities of disposal groups held for sale		
Loans from banking corporations	6,500	-
Deferred taxes	-	-
Accounts payable and other credit balances	-	-
	6,500	-

NOTE 8 - ACCOUNTS RECEIVABLE, DEBIT BALANCES AND OTHER FINANCIAL ASSETS

	As of 31 December	
	2024	2023
	EUR 000's	
Long-term deposit (1)	4,500	7,360
Other	421	164
	4,921	7,524

(1) The Company was returned the amount in January 2025 as part of the early redemption of the bonds. For more information see Note 22(1).

NOTE 9 - ACCOUNTS PAYABLE, CREDIT BALANCES AND OTHER LIABILITIES

	As of 31 December	
	2024	2023
	EUR 000’s	
Provision for the payment of purchase tax (RETT) for the LEG transaction (a)	8,036	12,077
Trade payables (liabilities to vendors, suppliers and service providers)	497	99
Tenant deposits	9,842	9,242
Interest payable	5,616	3,089
Other	459	619
	24,450	25,126

a) Following the completion of the sale of the Company’s shares by LEG on January 6, 2022, and despite the fact that the Company is in no way party to the transaction, a liability has been created for the Company to pay purchase tax (RETT (real estate transfer tax)). The Company therefore recognized a provision in its financial statements totaling approximately EUR 20.4 million. Over 2022-2024 the Company paid approximately EUR 6.2 million following demands received from the tax authorities. As a result of these payments as well as due to amending the provision in the Company’s books, as of the date of the report, the provision in the Company’s books totals approximately EUR 8.0 million.

NOTE 10 - LOANS FROM BANKING CORPORATIONS AND BONDS

A. Composition:

	Rate Interest as of December 31, 2024	As of 31 December	
		2024	2023
	%	EUR 000’s	
Variable interest loan from a banking corporation		9,000	9,000
Fixed interest loans from banking corporations	(*)	325,367 (***)	340,809
ILS denominated CPI-linked bonds - Reduced cost	(**)	222,177 (****)	102,508
Loan from the controlling shareholder	(***)	-	75,000
		556,544	527,317

(*) Interest rate of fixed interest loans: (1.00% - 5.51%).
(**) Denominated interest rate for Bonds (Series C + Series D): (4.05%-5.05%). Principal and interest are linked to the Israeli CPI. The bonds are listed on the Tel Aviv Stock Exchange. It should be noted that the Company’s Bonds (Series C + Series D) were prepaid subsequent to the date of the report, in January 2025. For more information see Note 22(1).
(***) Approximately EUR 80.3 million of this amount is presented as a current maturity.
(****) Approximately EUR 41.7 million of this amount is presented as a current maturity.

B. Movement:

	As of 31 December	
	2024	2023
	EUR 000's	
Balance as of 1 January	527,317	629,972
Receipt of loans from banking corporations	-	4,868
Issuance of Bonds (Series D)	130,745	-
Repayment of bonds	(25,807)	(60,218)
Repayment of loans	(9,063)	(16,172)
Exclusion from the consolidation	-	(7,712)
Classification of loans from liabilities (into liabilities) of disposal groups held for sale	(6,500)	60,184
Costs in obtaining loan, reductions and others	2,855	2,722
Receipt of a loan from the controlling shareholder	-	-
Repayment of loan from the controlling shareholder (*)	(75,000)	(75,000)
Currency differentials	11,997	(11,327)
Balance as of 31 December	556,544	527,317

(*) For information about a loan received from the Company's former controlling shareholder (ADLER), see Note 11 below.

C. Obtaining and extending loans and issuing bonds during the year

1. 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%. On July 10, 2024, the Company completed an additional 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. Also see Note 22 section 1 regarding the full early repayment of the bond series.

2. Amendment of the terms and conditions and full repayment of the loan from ADLER, the Company's former controlling shareholder - During the reporting period, the Company 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.

On August 7, 2024, the Company repaid the entire outstanding balance of credit provided by the former 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 former controlling shareholder pursuant to the provisions of said loan agreement.

D. Financial covenants

Consolidated companies have undertaken in credit facility agreements with banking corporations to comply with various financial covenants, including a LTV ratio of 60%-70% and a DSCR (debt service coverage ratio) exceeding 110%-270%. All the loans are non-recourse and failure to comply with the terms and conditions of one of the facility agreements does not constitute breach of the other facility agreements.

As of December 31, 2024, the Group is complying with all the stipulated financial covenants.

NOTE 11 - LOAN FROM THE FORMER CONTROLLING SHAREHOLDER ADLER

For details regarding the amendment of the terms and conditions of the loan from ADLER, the former controlling shareholder and its full repayment in 2024, see Note 10(C)2 above.

NOTE 12 - OTHER FINANCIAL ASSETS AND LIABILITIES

	As of 31 December	
	2024	2023
	EUR 000's	
Unlisted financial assets measured at fair value through profit and loss (1)	3,900	4,508
Financial liabilities for hedging the EUR/ILS exchange rate (2)	(8,196)	(20,490)
Financial liability for a benefit received (3)	(5,405)	(5,707)
	(9,701)	(21,689)
	(9,701)	(21,689)

(1) On March 22, 2019, the Company entered into an agreement with a third-party which is unrelated to the Company or its controlling shareholder, which, to the best of the Company's knowledge, is a leading global investment fund, to sell 89.9% of its holdings in three companies (indirectly held by the Company through particular subsidiaries of the Company) which own commercial properties in the cities of Rostock, Celle and Castrop. The Company completed the sale transaction on May 31, 2019. The Company's remaining investment in these companies totaling approximately EUR 3.9 million (10.1% of the companies' capital), is presented as part of investment in financial assets measured at fair value through profit or loss.

(2) Over 2022-2024 the Company entered into various hedging transactions to hedge its forecasted ILS cash-flow for its future bond repayments. In the reporting period, the Company recognized financing revenues totaling approximately EUR 13.7 million following the revaluation of the liabilities for these hedging transactions. It should be noted that these hedging transactions are not treated as accounting hedging despite the fact that they hedge the entire balance of the Company's bonds.

(3) The Company received a benefit from NRW Bank for two affordable housing rental projects it built (the Aachen project + phase I of the Grafental project in Dusseldorf), whose construction was completed in 2022. After their construction was completed the Company met the conditions entitling it to receive a subsidized loan from the Dusseldorf municipality for constructing affordable rental housing projects. The Company is therefore entitled to a 25% subsidy of the amount of the loans taken to build the projects. The Company did not recognize this benefit as income, but as a liability, amortized over the entitlement period because this subsidy requires the Company to comply with affordable housing rental conditions for the next 20 years.

NOTE 13 - MEASUREMENT OF FAIR VALUE

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures about the fair value hierarchy of the assets and liabilities as of December 31, 2024:

	Fair value measurement			
	Level 1	Level 2	Level 3	Total
	EUR 000's			
Assets measured at fair value:				
Investment properties (Note 7):				
Income-generating property (commercial)	-	-	10,540	10,540
Income-generating property (residential)	-	-	885,155	885,155
Land for betterment and a land right	-	-	26,800	26,800
Other financial assets:				
Financial assets measured at fair value through profit or loss:	-	-	3,900	3,900

	Fair value measurement			
	Level 1	Level 2	Level 3	Total
	EUR 000's			
Liabilities measured at fair value:				
Financial liabilities for hedging the EUR/ILS exchange rate	-	(8,196)	-	(8,196)

NOTE 14 - FINANCIAL INSTRUMENTS

A. Classification of financial assets and liabilities

	As of 31 December	
	2024	2023
	EUR 000's	
Cash and receivables at amortized cost		
Cash and cash equivalents	75,442	42,527
Restricted deposits, financial assets and other debit balances (1)	39,359	54,896
Tenants and trade receivables, net	1,418	2,331
Non-current other receivables and restricted deposits	301	43
	116,520	99,797
Financial instruments (fair value)		
Investments in financial assets measured at fair value through profit or loss	3,900	4,508
Financial liabilities to hedge cash-flows	(8,196)	(20,490)
	(4,296)	(15,982)
Financial liabilities at amortized cost		
Bonds	(222,177)	(102,508)
Credit from banking corporations	(334,367)	(349,808)
Accounts payable and debit balances (2)	(14,503)	(14,944)
Loan from the controlling shareholder	-	(75,000)
	(571,047)	(542,260)

(1) Excluding prepaid expenses.
(2) Excluding tenant deposits and prepaid revenues.

B. Market risk

1. Foreign currency risk

The Company has bonds which are denominated in ILS and which are entirely linked to changes to the Israeli CPI totaling approximately EUR 222.2 million. To avoid exposure to changes in the EUR/ILS exchange rate, in May 2022 the Company entered into various hedging transactions with a financial entity to hedge its forecasted ILS cash-flow for its future bond repayments. It should be noted that subsequent to the date of the report, in January 2025, the Company repaid the bonds and hence also sold the hedging transactions.

2. CPI risk

As stated above, the Company has bonds which are entirely linked to changes to the Israeli CPI, subject to a floor index. It should be noted that subsequent to the date of the report, in January 2025, the Company repaid its bonds and therefore, as of the execution date of the report, the Company has no exposure to Israeli CPI.

3. Interest rate risk

The Group is exposed to a risk for changes in cash-flows with respect to loans which are subject to variable interest rates due to changes in the interest rates.

C. Credit risk

Credit risk may be created from cash and cash equivalents, derivatives and deposits with banking corporations and financial institutes, as well as from accounts receivable and credit balances including credit balances from tenants.

The management has a credit policy and the exposure to credit risk is examined on an ongoing basis. The Company does not generally issue credit to the tenants. The Company performs a credit assessment for specific tenants who request credit. The Group holds all or part of the refundable tenant deposits until the tenants settle their payments or in other instances involving breach of contract.

The Company examines the need to make a provision for credit losses pursuant to a management assessment of the nature of the balance according to management's accrued experience in managing the property.

Credit risk may also arise due to executing multiple financial instruments with a single entity. The Company holds cash and cash equivalents, short-term investments and financial instruments with various financial institutes with a high credit rating. The Company's policy is to diversify its investments between the various institutions.

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

- For payments which are more than 30 days but less than 90 days late, the provision made for impairment is 20% of the outstanding amount.
- For payments which are more than 90 days but less than 180 days late, the provision made for impairment is 50% of the outstanding amount.
- For payments which are more than 180 days late, the Company makes a provision for impairment for the total outstanding amount.

As of the date of the report there were no significant concentrations of credit risk. The management assesses that the balance in the financial statements for each one of the financial assets represents the maximum exposure for credit risk.

D. Liquidity risk

Liquidity risk is the risk that the Group will find it challenging to meet its financial obligations associated with financial liabilities. The financial obligations to banking corporations with respect to the interest payments are secured through rent payments deposited on an ongoing basis in designated/collection accounts.

The Group's objective is to maintain a balance between receiving financing and flexibility with utilizing bank loans and bonds. As of December 31, 2024, 25.6% of the Group's debt is repayable within less than a year (in 2023 - 27.6%). It should be noted that the Company is in advanced negotiations with the lending banks to refinance all the loans which are forecasted to be repaid in the upcoming year. Also see Note 22 regarding the early repayment of the bonds and short-term loans.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (including interest payments):

As of December 31, 2024

	Less than 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
				EUR 000's			
Accounts payable and debit balances	20,784	-	-	-	-	-	20,784
Loans from banking corporations (1)	89,380	118,608	6,725	99,698	1,718	43,394	359,523
Bonds (1)	52,150	50,459	51,758	49,440	48,478	-	252,285
	162,314	169,067	58,483	149,138	50,196	43,394	632,592

As of December 31, 2023

	Less than 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
				EUR 000's			
Accounts payable and debit balances	23,569	-	-	-	-	-	23,569
Loans from banking corporations (1)	**31,388**	**77,210**	**118,652**	**6,741**	**100,021**	**46,732**	**380,744**
Bonds (1)	**28,849**	**41,292**	39,745	-	-	-	109,886
Loan from the controlling shareholder	**80,182**	**-**	-	-	-	-	80,182
	163,988	118,502	158,397	6,741	100,021	46,732	594,381

(1) Balance of loans from banking corporations and bonds including interest payments.

E. Fair value

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

As of December 31, 2024	Balance in the statement of financial position	Fair value
	EUR 000's	
Financial liabilities		
Bonds and bond interest payable	226,185	234,652
Fixed interest bank loans	332,148	315,787

As of December 31, 2023	Balance in the statement of financial position	Fair value
	EUR 000's	
Financial liabilities		
Bonds and bond interest payable	104,248	101,411
Fixed interest bank loans	341,211	309,365

The management has assessed that the balance of cash, short-term and long-term deposits, trade receivables, suppliers, overdrafts and other current liabilities 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).

Also see Note 22 regarding the early repayment of the bonds.

F. Sensitivity tests for a change in market factors

	As of 31 December	
	2024	2023
	EUR 000's	
Sensitivity test for changes in interest rates	Revenue (expense)	
Impact on the statements of profit or loss and other comprehensive profit		
For loans		
Interest rate increase of 200 basis points	(180)	(180)
Interest rate decrease of 200 basis points	180	180
For bonds		
3% increase in CPI	(6,809)	(3,087)
3% decrease in CPI	6,809	3,087

Sensitivity tests and key working assumptions

The fluctuations that were chosen under the relevant risk variables were determined according to a valuation by the Company's management of the possible reasonable changes in these risk variables.

The Company carried out sensitivity tests for principal market risk factors, which can affect the reported operating results or financial position. The sensitivity tests present the profit or loss and/or comprehensive profit or loss, with respect to each financial instrument for changes in the relevant selected risk factor for that instrument as of each reporting date. The risk factors were examined based on the materiality of the exposure on the operating results or the financial position for any risk factor with respect to the functional currency and under the assumption that all of the other variables are constant.

G. Changes in liabilities arising from financing activities (excluding liabilities presented as part of disposal groups held for sale)

	Bank loans	Controlling shareholder loans	Bonds	Lease liabilities	Total liabilities from financing activities
Balance as of December 31, 2021	(600,653)	-	(72,349)	-	(673,002)
Cash-flow	162,903	(150,000)	(99,857)	-	(86,954)
Impact of changes in the exchange rate and CPI linkage	-	-	4,488	-	4,488
Exclusion from (inclusion in) the consolidation	63,968	-	-	-	63,968
Classification into liabilities from disposal groups held for sale	60,184	-	-	-	60,184
Other changes	1,344	(1,330)	-	-	14
Balance as of December 31, 2022	(312,254)	(151,330)	(167,718)	-	(631,302)
Cash-flow	11,911	75,000	60,128	-	147,039
Impact of changes in the exchange rate and CPI linkage	-	-	5,082	-	5,082
Exclusion from (inclusion in) the consolidation	7,712	-	-	-	7,712
Classification from liabilities of disposal groups held for sale	(51,904)	-	-	-	(51,904)
Other changes	(5,274)	1,330	-	-	(3,944)
Balance as of December 31, 2023	(349,809)	(75,000)	(102,508)	-	(527,317)
Cash-flow	9,063	75,000	(104,938)	-	(20,875)
Impact of changes in the exchange rate and CPI linkage	-	-	(14,731)	-	(14,731)
Exclusion from (inclusion in) the consolidation	-	-	-	-	-
Classification into liabilities of disposal groups held for sale	6,500	-	-	-	6,500
Other changes	(121)	-	-	-	(121)
Balance as of December 31, 2024	(334,367)	-	(222,177)	-	(556,544)

NOTE 15 - TAXES ON INCOME

A. Tax laws applicable to the Group members

1. The Company has revenues from real estate investments in Germany. Pursuant to the tax treaty between Germany and the Netherlands, real estate revenues are taxed based on where the property is located.

2. Presented below are the tax rates applicable to the Company and its primary consolidated companies:

Country	%
The Netherlands (*)	19.0 – 25.8
Germany (**)	15.825-31.225

(*) The tax rate in the Netherlands on taxable income up to EUR 200 thousands is 19.0%, while the tax rate on taxable income exceeding EUR 200 thousands is 25.8%.

(**) Profits from selling apartments are subject to local business tax in Germany. The weighted corporate tax and local business tax rates come to 31.225%.

3. Profits deriving from the sale of shares in a Dutch or German company by a Dutch company are not taxable in the Netherlands subject to satisfying the participation exemption conditions established under Dutch law. Profits deriving from the sale of shares in a German company whose real estate assets comprise more than 50% of the company's total assets, by a German company, will be subject to a 5% tax in Germany. As of 2019, due to changes in German law, profits generated after January 1, 2019, deriving from the sale of shares in a limited liability company which holds assets in Germany will be subject to 5% corporate tax on the taxable profits in Germany.

B. Tax assessments

Final tax assessments

The Company has been issued final tax assessments in the Netherlands until and including the 2022 tax year. Some of the consolidated companies which are taxed in the Netherlands have been issued final tax assessments until and including the 2023 tax year, while some have never been issued final tax assessments.
Most of the consolidated companies which are taxed in Germany have been issued tax assessments until and including the 2023 tax year. The tax assessments issued to the Company until and including the 2019 tax year are deemed final due to being subject to the applicable prescription period.

C. Losses carried forward for tax purposes and other temporary provisions

The Group has commercial losses and capital losses for tax purposes which are carried forward to subsequent years and total approximately EUR 21,139 thousands as of December 31, 2024. Deferred tax assets totaling approximately EUR 3,345 thousands have been recognized in the financial statements for these losses.

D. Deferred taxes

	As of 31 December	
	2024	2023
	EUR 000's	
Deferred tax liabilities		
Investment and other properties	(69,052)	(74,982)
Deferred tax assets		
Losses carried forward for tax purposes	3,345	3,967
Deferred tax liabilities, net	(65,707)	(71,015)

Deferred taxes are presented in the statement of financial position, as follows:

Non-current assets	-	-
Non-current liabilities	(65,707)	(71,015)
	(65,707)	(71,015)

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

	For the year ended 31 December	
	2024	2023
	EUR 000's	
Deferred tax liabilities		
Investment and other properties	(5,043)	(28,348)
Deferred tax assets		
Losses carried forward for tax purposes	622	11,751
Deferred tax expenses (revenues), net	(4,421)	(16,597)

The deferred taxes for investment property are calculated according to a tax rate of 15.825%, based on the tax rates that are expected to apply upon being sold, deferred taxes for land inventory are calculated according to a tax rate of 31.225%. Deferred taxes for carried losses in the Netherlands are calculated according to the tax rate based on the losses the Company anticipates will be utilized.

Income taxes included in the statements of profit or loss

	For the year ended 31 December		
	2024	2023	2022
		EUR 000's	
Deferred taxes (also see section D above)	(4,421)	(16,597)	(32,494)
Current taxes and taxes for previous years	2,581	2,176	11,274
Tax expenses (revenues)	(1,840)	(14,421)	(21,220)

E. Theoretical tax

The following is an adjustment between the tax amount that would have been applied if all the revenues and expenses, profits and losses in the statement of profit or loss were taxed according to the statutory tax rate in the Netherlands and the amount of taxes on income included in the statement of profit or loss.

	For the year ended 31 December		
	2024	2023	2022
		EUR 000's	
Profit (loss) before taxes on income	(81,844)	(160,421)	(198,414)
Statutory tax rate in the Netherlands	25.8%	25.8%	25%
Tax (tax abatement) computed at the statutory tax rate	(21,116)	(41,388)	(49,603)
Deferred taxes created at a different tax rate and others, net	16,854	24,853	17,161
Taxes for previous years	2,422	2,114	11,222
Taxes on income (tax abatement)	(1,840)	(14,421)	(21,220)

NOTE 16 - CONTINGENT LIABILITIES, ENGAGEMENTS, CHARGES AND GUARANTEES

A. Contingent liabilities, charges and guarantees

1. To secure non-recourse loans from banking corporations, pledges have been recorded on investment properties and on the bank accounts receiving rental payments, rights for insurance policies, a pledge over the property company's shares and the like.
   Some of the loan agreements include a "negative pledge" clause prohibiting the borrowers to create additional pledges on the properties and the pledged revenues unless explicit approval has been given by the lender.

2. See Note 22(1) regarding the pledge given for the bonds. It should be noted that this pledge has been released subsequent to the date of the report following the repayment of all of the Company's bond series over January-February 2025.

3. The balance of secured liabilities, as of the date of the report, come to approximately EUR 570.4 million (in 2023 it was approximately EUR 475.9 million).

A. Claims

1. On June 28, 2023, investigators from the Dutch Fiscal Information and Investigation Service, acting under instruction from the German investigatory authorities, searched the offices of the Company and some of its subsidiaries. To the best of the Company's knowledge, the search was performed on the backdrop of commercial transactions performed over 2019-2020 by the Company's former controlling shareholder - ADLER Real Estate AG. The aforementioned commercial transactions involved dealings related to the Gerresheim project. To the best of the Company's knowledge, the investigations are not directed against the Company or any of its officers, and at this time the Company and its subsidiaries are witnesses and not suspects.

2. The Group's management has assessed, based, *inter alia*, on the expert opinion of its legal advisors, that the provisions included in the financial statements are sufficient to cover the possible exposure to it as a result of possible claims.

B. Engagements

1. Engagements for regulatory purposes - on December 16, 2020, the Company's board of directors approved the sale of 0.1% of property companies held by the Company as part of the Company's preparations for various regulatory changes which may be introduced in Germany in the coming years. On December 18, 2020, and as a precaution, said transaction was classified by the Company's audit committee as a non-exceptional transaction in which the Company's former controlling shareholder has a personal interest due to the fact that the buyer had performed similar transactions with various property companies held by ADLER, the former controlling shareholder of the Company, including it holding a negligible rate of said companies, and because the ultimate controlling shareholder of the buyer previously indirectly held shares in ADLER Group SA. It should be clarified that as of the approval date of the transaction, and to the best of the Company's knowledge, the ultimate controlling shareholder no longer holds shares in ADLER Group SA (and, in any event, did not hold more than 5% of the shares in Adler Group SA). The transaction was performed in the ordinary course of business for the Company, at arm length terms and in consideration for an amount immaterial to the Company.

2. On August 12, 2020, the Company announced that further to the recommendation and approval of the Company's remuneration committee, the Company's board of directors had resolved to approve the Company's new remuneration policy, and established that despite the opposition of the general meeting convened on July 29, 2020, approval of the new remuneration policy is in the Company's best interests, in accordance with Section 267A(c) of the Israel Companies Law, 1999. Among other things, the approved remuneration policy regulates the compensation that can be awarded to the Company's directors and officers, including establishing fixed and variable components of the officer's compensation, expense reimbursement, termination benefits and issues related to indemnification and insurance. The approved remuneration policy also regulates instances where the officers provide services to both the Company and to its parent company and will be effective for a 3-year period commencing from July 29, 2020. On May 8, 2022, the Company's general meeting approved the Company's amended remuneration policy, and on November 8, 2022, the Company's general meeting approved an additional amendment to the Company's remuneration policy.

3. On February 12 and April 14, 2021, the Company's audit committee and board of directors respectively approved for the Company to execute a non-competition agreement with its former controlling shareholder and some of the Company's officers who also serve as officers of ADLER (the "non-compete arrangement"), which, *inter alia*, grants the Company a right of first refusal with

respect to commercial opportunities relevant to the Company in its operating segments and regions.

4. On June 30, 2021, the Company and another company which for regulatory purposes holds a negligible rate of the property companies held by the Company's controlling shareholder (hereinafter: the "additional buyer") signed an agreement to purchase investor rights in a subsidiary which owns various phases of the Grafental project, in consideration for approximately EUR 18 million, while the Company purchased 5.8% of the rights in consideration for approximately EUR 6.6 million, and the additional buyer, which received a loan totaling approximately EUR 11.4 million (at annual interest of 0.35%), purchased the remaining 10.1% for approximately EUR 11.4 million, which is presented in the statement of financial position as of December 31, 2024, as part of the restricted deposits, financial assets and other debit balances line-item as part of the current assets. The entire consideration was paid to investors on July 1, 2021, and was imputed as a transaction with minority interest holders in the statement of changes in equity. It should be noted that in 2024, following a decline in the value of the rights pledged to secure a loan given to another buyer, the Company recognized an impairment totaling approximately EUR 6.0 million.

NOTE 17 - EQUITY

A. Composition of share capital (number of shares)

	December 31, 2024 and 2023	
	Authorized	Issued and outstanding
Ordinary shares of the Company, EUR 0.01 par value each	**22,500,000**	**7,730,875 (*)**

(*) Excluding treasury shares - See Note 17C below.

B. Management of the Company's capital

The Company is acting to maintain a capital structure which will allow the Company to support its channels and to maximize value for its shareholders.
The Company manages its capital structure and makes changes according to changes in the environment the Company operates in.

C. Treasury shares - Company shares held by the Company

The Company's holdings of Company shares total 31,688 shares which constitute 0.4% of the Company's issued share capital.

D. Classifications pursuant to Dutch law - Statutory capital reserve

According to Dutch law applicable to the Company, unrealized profits from fair value adjustments cannot be distributed as a dividend.
Additionally, profits of investees cannot be distributed as a dividend unless personally distributed by the subsidiaries.
However, under Dutch law, these profits are only distributable after they have been converted in the share capital and the capital has been decreased as a result of the distribution.
In the reported year the Company classified distributable profits from the statutory capital fund. Accordingly, the balance of distributable profits, according to Dutch law, as of December 31, 2024, is approximately EUR 111.7 million.

E. Company’s ratings

On July 20, 2023, S&P Maalot announced that it had issued a rating of ‘ilBBB+/Watch Neg’ for the issuance of bonds (expansion of Series C) of up to ILS 240 million par value.

On September 12, 2023, S&P Maalot announced that the Company’s ratings were being taken off a negative CreditWatch and the Company’s rating of ‘ilBBB-’ with a negative outlook was affirmed.

On January 25, 2024, S&P Maalot announced that it had issued a rating of ‘ilBBB+’ for the issuance of Bonds (Series D) of up to ILS 200 million par value. Furthermore, on February 25, 2024, S&P Maalot announced that it confirms the rating for the issuance of Bonds (Series D) and increased its scope to up to ILS 360 million par value.

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.

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.

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.

On February 23, 2025, S&P announced at the Company’s request that the Company’s ratings was being removed from the watchlist due to the full early repayment of the bond series.

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

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.

NOTE 18 - ADDITIONAL DETAILS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE PROFIT OR LOSS ITEMS

	For the year ended 31 December		
	2024	2023	2022
		EUR 000's	
A. Cost of maintenance of rental properties*			
Salaries, electricity, water and gas	1,284	1,522	2,529
Maintenance and repairs	3,479	3,594	4,834
Land taxes	62	137	192
Insurance	60	289	169
Bad and doubtful debts	1,308	1,222	884
Marketing	319	317	399
Other	18	1,061	1,095
	6,530	8,142	10,102

(*) The cost of maintenance of rental properties includes costs the Company cannot impose on the tenant, *inter alia*, costs for unoccupied apartments and other maintenance and amendment costs.

	2024	2023	2022
B. General and administrative expenses			
Property management, salary and other expenses	6,414	5,582	5,670
Expenses for unrealized property sale transactions	283	893	232
Legal and other professional services	3,579	3,830	4,449
Travel, rent, director fees, office maintenance and other expenses	2,811	2,767	2,768
	13,087	13,072	13,119

	2024	2023	2022
C. Property management expenses			
Electricity, water and gas	12,930	13,184	14,407
Maintenance	7,822	7,470	7,243
Land taxes	1,960	1,840	2,188
Insurance	1,324	938	217
Other	146	775	775
	24,182	24,207	24,830

	For the year ended 31 December		
	2024	2023	2022
	EUR 000's		

D. Financing expenses excluding the impact of exchange rate differentials and currency hedging transactions

interest, bank charges and others

	2024	2023	2022
Interest expenses for loans and bonds	(12,947)	(8,228)	(8,940)
Interest expenses for a loan from the controlling shareholder	(2,015)	(1,500)	(1,499)
Banking, guarantee and other charges	(419)	(334)	(441)
Leasing financing expenses	-	-	-
	(15,381)	(10,062)	(10,880)

E. Impact of changes in the exchange rate and CPI as well as hedging transactions

	2024	2023	2022
Profit (loss) from currency and CPI differentials for bonds and cash, net	(15,580)	10,967	10,616
Loss from currency exchange hedging derivative transactions	5,131	(11,843)	(21,101)
	(10,449)	(876)	(20,301)

F. Change in fair value of financial instruments, credit and other losses

	2024	2023	2022
Profit (loss) from revaluing interest swap transactions, net	-	-	249
Profit (loss) from revaluing a financial asset measured at fair value through profit and loss	-	(779)	(6,040)
Reduction of premium, financing costs for loans and bonds and others	-	(2,447)	(2,016)
Credit losses	(1,627)	-	(1,726)
	(1,627)	(3,226)	(9,533)

NOTE 19 - NET PROFIT PER SHARE

Details of the number of shares and profit used in calculating the net profit per share

	For the year ended 31 December					
	2024		2023		2022	
	Weighted number of shares	Net loss attributable to Company's shareholders	Weighted number of shares	Net loss attributable to Company's shareholders	Weighted number of shares	Net profit attributable to Company shareholders
	000's	EUR 000's	000's	EUR 000's	000's	EUR 000's
For the computation of basic and diluted net profit (loss) per share	7,731	(80,004)	7,731	(143,338)	7,731	(170,558)

	For the year ended 31 December		
	2024	2023	2022
	EUR 000's		
Net profit (loss) per share attributable to the Company's shareholders (EUR) - Basic and diluted	(10.28)	(18.54)	(22.06)

NOTE 20 - 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 - 2 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 1% of the Company's total assets and total revenues.

Reporting by operating segment

	Income-generating residential property	Development property	Other	Total
For the year ended December 31, 2024				
Revenues from property rentals	47,462	-	1,620	49,082
Revenues from property management	23,473	-	734	24,207
Property management expenses	(23,440)	-	(742)	(24,182)
Cost of maintenance of rental properties	(6,409)	-	(121)	(6,530)
Net rental and management revenues	41,086	-	1,491	42,577
Revenues from selling apartments	-	-	-	-
Cost of selling apartments	-	(42,161)	-	(42,161)
Loss from selling apartments	-	(42,161)	-	(42,161)
General and administrative expenses				(13,087)
General and administrative expenses relating to land inventory	-	(1,127)	-	(1,127)
Increase (decrease) in value of investment properties	(32,844)	(4,050)	155	(36,739)
Financing expenses, net				(27,457)
Other expenses, net				(3,850)
Loss before taxes on income				(81,844)

	Income-generating residential property	Development property	Other	Total
For the year ended December 31, 2023				
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)
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)
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)

	Income-generating residential property	Development property	Other	Total
For the year ended December 31, 2022				
Revenues from property rentals	56,695	57	3,135	59,887
Revenues from property management	24,106	31	700	24,837
Property management expenses	(24,260)	(86)	(484)	(24,830)
Cost of maintenance of rental properties	(7,902)	(32)	(2,168)	(10,102)
Net rental and management revenues	48,639	(30)	1,183	49,792
Revenues from selling apartments	-	-	-	-
Cost of selling apartments	-	(13,556)	-	(13,556)
Loss from selling apartments	-	(13,556)	-	(13,556)
Group's share in earnings of companies treated under the equity method	-	-	859	859
General and administrative expenses				(13,119)
General and administrative expenses relating to land inventory	-	(1,669)	-	(1,669)
Decrease in value of investment properties	(140,412)	(15,622)	(2,838)	(158,872)
Financing expenses, net				(40,714)
Other expenses, net				(21,135)
Loss before taxes on income				(198,414)

NOTE 21 - TRANSACTIONS WITH INTERESTED AND RELATED PARTIES

A. Transactions with interested and related parties

	For the year ended 31 December		
	2024	2023	2022
	EUR 000's		
Interest expenses for a loan from the controlling shareholder (1)	2,015	1,500	1,499

(1) For information about a loan received from the controlling shareholder, see Note 11 above.

(2) On August 26 and 27, 2024, the Company decided to proceed with the proposal made by ADLER, the Company's previous controlling shareholder (and the Company's controlling shareholder as of the date the engagement was approved), to enter into a transaction under which the Company would sell ADLER 4,870,891 shares in Consus Real Estate AG, held by it at a price of EUR 0.01 per share. On November 7, 2024, the Company and ADLER entered into an agreement to sell said shares, and the shares were transferred against payment of the consideration on January 3, 2025. On August 26, 2024, this engagement was classified by the Company's audit committee as a non-exceptional transaction as defined in the Companies Law.

B. Benefits for key management personnel (including directors)

	For the year ended 31 December					
	2024		2023		2022	
	No. of people	Amount EUR 000's	No. of people	Amount EUR 000's	No. of people	Amount EUR 000's
Short-term employee benefits (excluding director fees)	2	1,609	2	925	2	885
Total benefits for directors	6	367	8	406	10	494

NOTE 22 - MATERIAL EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

1. Full early repayment of the Company's bond series and the Company's execution of a loan agreement with the Company's new controlling shareholder (LEG) - On January 20, 2025, and February 1, 2025, the Company made full early repayment of all of its bonds. In wake of the early repayment, the Company also repaid the balance of the liability for EUR/ILS exchange rate hedging as of the date of the full early repayment. The total amount paid by the Company for the full early repayment is approximately EUR 249.0 million, including approximately EUR 19.7 million which was received in cash which was held as restricted cash by the hedging investment house (and which was released following the full early redemption of the bonds), and an amount totaling approximately EUR 229.3 million which was received as a loan from the Company's new controlling shareholder - LEG. This loan is a "balloon" loan given for a term of 8 years and accrues fixed annual interest of 3.674%.

2. Resignation of the internal auditor – On January 8, 2025, Ms. Hila Barr-Hoisman, the Company's internal auditor, gave notice that she was ending her role as the Company's internal auditor effective as of December 31, 2024, for reasons associated with Deloitte's internal procedures due to a commercial relationship between Deloitte and LEG, which became the Company's controlling shareholder on January 3, 2025. On February 7, 2025, the Company's board of directors appointed Mr. Doron Rozenblum, the managing partner at Kreston Israel, to serve as the Company's internal auditor.

3. Subsequent to the date of the report, on January 20, 2025, a transaction was completed for the sale of a commercial property in Ludwigsfelde, in consideration for approximately EUR 8.8 million. The property secured a bank loan totaling approximately EUR 6.5 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 and it classified the property and the bank loan as part of assets and liabilities held for sale as of the date of the report. It should be noted that the Company received a cash payment totaling approximately EUR 2.3 million on the transaction closing date.

4. Receipt of an inter-company loan and credit facility from the Company's new controlling shareholder - LEG - As part of the Company's strategy to improve its financing costs and to strengthen the Company's equity basis and financial stability, among other things, by refinancing existing debt with lower interest and better terms, early repayment of debts with high financing costs and lowering the average weighted interest rate, on February 6 and 7, 2025, the Company entered into two financing agreements with the controlling shareholder LEG:

   1. The Company entered into a loan agreement with LEG, whereby LEG will provide the Company and subsidiaries of the Company with a loan of up to EUR 85 million, without the Company providing any collateral. The loan is for a term of 5 years. The loan bears fixed annual interest of 2.15%. The loan proceeds will only be used for timely or early repayment of the existing loan.

   2. The Company entered into a credit facility agreement with LEG, whereby LEG will provide the Company and subsidiaries of the Company with a credit facility of up to EUR 40 million, without the Company providing any collateral. The interest rate applicable to amounts utilized from the credit facility, with respect to the entire interest period, shall be equal to the 3-month EURIBOR interest rate + 0.95% per annum, unless agreed otherwise. The interest shall be paid on the final day of said interest period, as of December 31, 2025. Additionally, throughout the credit facility period, the Company shall pay LEG a commitment fee equal to 0.3325% of the balance of the available credit facility less the utilized amount of the credit facility.

5. Early repayment of 3 bank loans - With the objective of achieving additional savings with financing costs and to strengthen the Company's financial stability, on February 7, 2025, the Company approved the early repayment of 3 loans taken by the Company from foreign banking corporations. On February 13 and 18, 2025, the Company completed the early repayment of the 3 loans, after paying approximately EUR 149.5 million for all said loans (including EUR 85 million paid by LEG which was received by the Company as a controlling shareholder loan, and the remaining EUR 64.5 million was paid by the Company in cash).

   In this context it should be noted that the Company believes that the early repayment of these loans together with entering the new financing agreements with LEG described above in sections 4(1) and 4(2), is anticipated to improve the Company's financial position and cash position due to the decrease in the Company's financing costs, because the cost of the immediate repayment (for the early repayment fee) is relatively less than the benefits and saving in financing costs incurred with said early repayment, and will also discharge liens over properties provided as collateral to the financing banks to secure repayment of said loans.

Appendix of Holdings

List of consolidated companies and material partnerships

Name of entity	Country of incorporation	31 December 2024	31 December 2023
		% equity	
Brack German Properties B.V.	The Netherlands	100	100
Brack Capital (Remscheid) B.V.	The Netherlands	99.9	99.9
Brack Capital (Neubrandenburg) B.V.	The Netherlands	99.9	99.9
Brack Capital (Chemnitz) B.V.	The Netherlands	60	60
Brack Capital (Hamburg) B.V.	The Netherlands	100	100
Brack Capital (Dusseldorf-Rosssatrasse) B.V.	The Netherlands	99.9	99.9
Brack Capital (Dusseldorf -Schanzenstrasse) B.V.	The Netherlands	100	100
Brack Capital (Gelsenkirchen) B.V.	The Netherlands	99.9	99.9
Brack Capital (Ludiwgsfelde) B.V.	The Netherlands	99.9	99.9
Brack Capital (Bad Kreuznach) B.V.	The Netherlands	99.9	99.9
Brack Capital Germany (Netherlands) XIX B.V.	The Netherlands	99.9	99.9
Brack Capital (Beta) B.V.	The Netherlands	89.9	89.9
Brack Capital Germany (Netherlands) XXVI B.V.	The Netherlands	89.9	89.9
Grafental GmbH & Co. KG	Germany	89.9	89.9
Grafental Mitte B.V.	The Netherlands	89.9	89.9
Brack Capital Germany (Netherlands) XXX B.V.	The Netherlands	99.9	99.9
Brack Capital Germany (Netherlands) XXI B.V.	The Netherlands	99.9	99.9
Brack Capital Germany (Netherlands) XII B.V.	The Netherlands	100	100
Brack Capital Germany (Netherlands) XLIX B.V.	The Netherlands	99.9	99.9
Brack Capital Alfa B.V.	The Netherlands	89.9	89.9
Brack Capital Delta B.V.	The Netherlands	89.9	89.9
Brack Capital Epsilon B.V.	The Netherlands	100	100
Brack Capital Kaufland S.a.r.l.	Luxembourg	-	89.9
TPL Augsburg S.a.r.l.	Luxembourg	-	82.6
TPL Bad Aibling S.a.r.l.	Luxembourg	-	82.6
TPL Borken S.a.r.l.	Luxembourg	-	82.6
TPL Erlangen S.a.r.l.	Luxembourg	-	-
TPL Geislingen S.a.r.l.	Luxembourg	-	82.6
TPL Vilshofen S.a.r.l.	Luxembourg	-	82.6
TPL Biberach S.a.r.l.	Luxembourg	-	82.6
TPL Ludwigsburg S.a.r.l.	Luxembourg	-	82.6
TPL Neckarsulm S.a.r.l.	Luxembourg	-	82.6
BCP Leipzig B.V.	The Netherlands	89.8	89.8

Name of entity	Country of incorporation	31 December 2024	2023
		% equity	
Investpartner Gmbh	Germany	94.8	94.8
BRACK CAPITAL (WUPPERTAL) GMBH	Germany	100	100
BCRE Kassel I B.V (former BCRE UK B.V)	The Netherlands	100	100
Brack Capital Germany (Netherlands) XXII B.V.	The Netherlands	100	100
BCRE Dortmund Wohnen B.V.	The Netherlands	99.9	99.9
BCRE Duisburg Wohnen B.V.	The Netherlands	99.9	99.9
BCRE Essen Wohnen B.V.	The Netherlands	99.9	99.9
Brack Capital Germany (Netherlands) XVII B.V.	The Netherlands	100	100
Brack Capital Germany (Netherlands) XVIII B.V.	The Netherlands	100	100
Brack Capital Germany (Netherlands) XXIII B.V.	The Netherlands	100	100
Brack Capital Germany (Netherlands) XXV B.V.	The Netherlands	100	100
Admiralty Holdings Ltd	Gibraltar	10.1	10.1
BCRE Eta B.V.	The Netherlands	100	100
Brack Capital Labda B.V.	The Netherlands	100	100
Hanse Holdings S.á r.l.	Luxembourg	10.1	10.1
Graniak Leipzig Real Estate GmbH & Co. KG	Germany	89.7	89.7
Brack Capital Germany (Netherlands) XXIV B.V	The Netherlands	10.1	10.1
Brack Capital Germany (Netherlands) XXXV BV	The Netherlands	99.9	99.9
Brack Capital Germany (Netherlands) XXXVII BV	The Netherlands	99.9	99.9
Brack Capital Germany (Netherlands) XXXVIII BV	The Netherlands	99.9	99.9
Brack Capital Germany (Netherlands) XL BV	The Netherlands	100	100
Parkblick GmbH & Co. KG	Germany	99.9	99.9
Capital Germany (Netherlands) XXXIX BV	The Netherlands	99.9	99.9
Brack Capital Germany (Netherlands) XLI BV	The Netherlands	99.9	99.9
Brack Capital Germany (Netherlands) XLII BV	The Netherlands	99.9	99.9
Brack Capital Germany (Netherlands) XLV BV	The Netherlands	100	100
Brack Capital Theta B.V.	The Netherlands	100	100
Brack Capital Germany (Netherlands) XLIII BV	The Netherlands	100	100
Brack Capital Germany (Netherlands) XLIV BV	The Netherlands	99.9	99.9
Brack Capital Germany (Netherlands) XXXI BV	The Netherlands	99.9	99.9
Brack Capital Germany (Netherlands) XLVI BV	The Netherlands	100	100

Name of entity	Country of incorporation	31 December 2024	31 December 2023
		% equity	
Brack Capital Germany (Netherlands) L B.V.	The Netherlands	100	100
Brack Capital Germany (Netherlands) LI B.V.	The Netherlands	99.9	99.9
Brack Capital Germany (Netherlands) LII B.V.	The Netherlands	100	100
Brack Capital Germany (Netherlands) LIII B.V.	The Netherlands	99.9	99.9
Brack Capital Germany (Netherlands) LIV B.V.	The Netherlands	100	100
Brack Capital Germany (Netherlands) LV B.V.	The Netherlands	100	100
Brack Capital Germany (Netherlands) XLVII B.V.	The Netherlands	99.9	99.9
Brack Capital Germany (Netherlands) XLVIII B.V.	The Netherlands	100	100
S.Y.B. Future Capital Services Ltd.	Israel	100	100
RT Facility Management GmbH & Co. KG	Germany	100	100
Brack Capital Patros GmbH	Germany	100	100
Brack Capital Halle I GmbH	Germany	94.8	94.8
Brack Capital Halle II GmbH	Germany	94.8	94.8
Brack Capital Halle III GmbH	Germany	94.8	94.8
Brack Capital Halle IV GmbH	Germany	94.8	94.8
Brack Capital Halle V GmbH	Germany	94.8	94.8
Brack Capital Leipzig I GmbH	Germany	94.8	94.8
Brack Capital Leipzig II GmbH	Germany	94.8	94.8
Brack Capital Leipzig III GmbH	Germany	94.8	94.8
Brack Capital Leipzig IV GmbH	Germany	94.8	94.8
Brack Capital Leipzig V GmbH	Germany	94.8	94.8
Brack Capital Leipzig VI GmbH	Germany	94.8	94.8
Brack Capital Magdeburg I GmbH	Germany	94.8	94.8
Brack Capital Magdeburg II GmbH	Germany	94.8	94.8
Brack Capital Magdeburg III GmbH	Germany	94.8	94.8
Brack Capital Magdeburg IV GmbH	Germany	94.8	94.8
Brack Capital Magdeburg V GmbH	Germany	94.8	94.8
Brack Capital Magdeburg VI GmbH	Germany	94.8	94.8
Glasmacherviertel GmbH & Co. KG	Germany	100	100
BCP Invest Rostock B.V.	The Netherlands	100	100
BCP Invest Celle B.V	The Netherlands	100	100
BCP Invest Castrop B.V	The Netherlands	100	100

BRACK CAPITAL PROPERTIES N.V.

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

As of December 31, 2024

Special Report Pursuant to Regulation 9C

Financial Data and Information from the Consolidated Financial Statements

Attributed to the Company itself

Presented below is the standalone financial data and information attributed to the Company from the Group's consolidated financial statements as of December 31, 2024 which are published as part of the periodic reports (hereinafter - the Consolidated Statements), presented in accordance with Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970, as relevant.

The primary accounting principles applied in presenting this financial data have been described in Note 2 of the Consolidated Statements.

Special Auditor's Report to the Shareholders of Brack Capital Properties N.V. on the Standalone Financial Data in Accordance with Section 9C of the Securities Regulations (Periodic and Immediate Reports), 1970

We have audited the standalone financial data of Brack Capital Properties N.V. (hereinafter - the "Company"), as of December 31, 2024 and 2023, and for the two years the most recent of which ended December 31, 2024, presented in accordance with Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970. The standalone financial data is the responsibility of the Company's board of directors and management. Our responsibility is to express an opinion on the standalone financial data based on our audit.

The Company's financial statements as of December 31, 2022 and for the annual period which ended on the same date were audited by other auditors whose audit opinion on such statements dated March 31, 2023, included an unqualified opinion.

The figures included in the financial statements and referring to the equity value of the investment and the Company's share in the commercial results of investees presented based on the equity method, are based on financial statements some of which were audited by other auditors.

We conducted our audit in accordance with generally accepted accounting standards in Israel. These standards require us to plan and perform the audit in order to obtain a reasonable level of assurance that the standalone financial data is free of material misrepresentation. An audit includes examining samples of evidence supporting the amounts and disclosures in the standalone financial data. An audit also includes assessing the accounting principles applied when preparing the standalone financial data and the significant estimates made by the Company's board of directors and management, as well as evaluating the appropriateness of the presentation of the standalone financial data. We believe that our audit and other audit reports provide a reasonable basis for our opinion.

In our opinion, based on our audit and on the reports of other auditors, the standalone financial data has been prepared, with respect to all material aspects, in accordance with Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel Aviv, March 20, 2025

Ziv Haft

Auditors

Amounts of Assets and Liabilities Included in the Consolidated Statements of Financial Position Attributed to the Company

	As of 31 December	
	2024	2023
	EUR 000's	
Current assets		
Cash and cash equivalents	60,772	20,141
Cash and cash equivalents in escrow	6,021	12,706
Restricted deposits, financial assets and other debit balances	15,074	122
Total current assets	81,867	32,969
Non-current assets		
Investment in an investee	635,351	729,336
Total non-current assets	635,351	729,336
Total assets	717,218	762,305
Current liabilities		
Current maturities of bonds	41,745	24,753
Accounts payable, credit balances and other financial liabilities	5,492	6,861
Loan from the controlling shareholder	-	75,000
Total current liabilities	47,237	106,614
Non-current liabilities		
Bonds	180,432	77,755
Financial liabilities	6,656	15,542
Total non-current liabilities	187,088	93,297
Total liabilities	234,325	199,911
Equity		
Share capital	77	77
Premium on shares	144,237	144,237
Treasury shares	(746)	(746)
Other capital reserves	(531)	(531)
Statutory capital reserve	228,133	256,729
Retained earnings	111,723	162,628
Total equity	482,893	562,394
Total liabilities and equity	717,218	762,305

March 20, 2025			
Financial statements approval date	Liselot Dalenoord Chairperson of the Board of Directors	Volker Wiegel CEO	Eran Edelman CFO and Deputy CEO

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

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

	For the year ended 31 December		
	2024	2023	2022
	EUR 000's		
General and administrative expenses	(2,600)	(3,047)	(2,963)
Net financing income (expenses)	(20,040)	(12,105)	(40,157)
Company's share in profits (losses) of investees	(56,861)	(128,186)	(127,438)
Net and comprehensive profit (loss)	(79,501)	(143,338)	(170,558)

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

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

	For the year ended 31 December		
	2024	2023	2022
		EUR 000's	
Cash-flows for the Company's operating activities			
Net profit attributable to Company shareholders	(79,501)	(143,338)	(170,558)
Adjustments required to present cash-flows deriving from the Company's operating activities:			
Adjustments to the Company's profit or loss items:			
Financing expenses (revenues), net	15,423	13,313	31,254
Company's share in losses (profits) of investees	56,861	128,186	127,438
	72,284	141,499	158,692
Changes in the Company's asset and liability items:			
Decrease (increase) in receivables and credit balances and related parties	48	88	(14)
Increase (decrease) in accounts payable and credit and affiliated party balances	1	(135)	8
	49	(47)	(6)
Net cash used for Company's operating activities	(7,168)	(1,886)	(11,872)
Cash-flows from the Company's investment activities			
Net movement in investment in an investee and in cash and cash equivalents held in escrow	43,809	139,842	(196,524)
Net withdrawal (deposit) of restricted deposits	(15,000)	-	-
Net cash deriving from the Company's investment activities (utilized for investment activities)	28,809	139,842	(196,524)
Cash-flows for the Company's financing activities			
Interest paid	(6,375)	(5,265)	(7,528)
Net issuance of bonds	130,745	-	162,518
Payments of financial liability for exchange rate hedging	(4,573)	(11,335)	-
Receipt of a loan from the controlling shareholder	-	-	150,000
Repayment of loan from the controlling shareholder	(75,000)	(75,000)	-
Repayment of bonds	(25,807)	(61,209)	(62,660)
Net cash deriving from (utilized for) the Company's financing activities	18,990	(152,809)	242,330
Change in cash and cash equivalents	40,631	(14,853)	33,934
Balance of cash and cash equivalents at beginning of year	20,141	34,994	1,060
Balance of cash and cash equivalents at end of year	60,772	20,141	34,994

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 financial data in the Company's annual consolidated financial statements as of December 31, 2024 and for the year ended on the same date and also together with the accompanying notes.

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.

Brack Capital Properties N.V.

Chapter D - Additional details about the Company

Regulation 10A **Overview of the consolidated quarterly statements of profit and loss (EUR 000's):**

Line-item	2024				
	Q1	Q2	Q3	Q4	Total for all 4 quarters
Revenues from property rentals	12,201	12,235	12,276	12,370	49,082
Revenues from property management	6,059	5,995	6,009	6,144	24,207
Property management expenses	(6,073)	(6,049)	(5,900)	(6,160)	(24,182)
Cost of maintenance of rental properties	(1,787)	(1,609)	(1,401)	(1,733)	(6,530)
Net rental and management revenues	10,400	10,572	10,984	10,621	42,577
Revenues from selling apartments	-	-	-	-	-
Cost of selling apartments	(525)	(14,879)	(1,954)	(24,803)	(42,161)
Profit (loss) from selling apartments	(525)	(14,879)	(1,954)	(24,803)	(42,161)
General and administrative expenses	(3,166)	(3,296)	(2,956)	(3,669)	(13,087)
General and administrative expenses relating to land inventory	(396)	(260)	(184)	(287)	(1,127)
Profit (loss) before revaluing investment properties	6,313	(7,863)	5,890	(18,138)	(13,798)
Increase (decrease) in value of investment properties	(2,098)	(19,945)	(4,617)	(10,079)	(36,739)
Profit (loss) before financing expenses	4,215	(27,808)	1,273	(28,217)	(50,537)
Financing expenses excluding the impact of exchange rate and index changes and hedging transactions	(4,297)	(4,389)	(3,982)	(2,713)	(15,381)
Impact of exchange rate and index changes and hedging and other transactions	(226)	(4,782)	(858)	(4,583)	(10,449)
Change in fair value of financial instruments, credit and other losses	(1,627)	-	-	-	(1,627)
Other revenues (expenses), net	(117)	(1,247)	(1,203)	(1,283)	(3,850)
Profit (loss) before taxes on income	(2,052)	(38,226)	(4,770)	(36,796)	(81,844)
Tax abatement (taxes on income)	(1,160)	1,346	(416)	2,070	1,840
Net profit (loss)	(3,212)	(36,880)	(5,186)	(34,726)	(80,004)
Net profit (loss) attributed to:					

Line-item	**2024**				
	Q1	Q2	Q3	Q4	Total for all 4 quarters
Shareholders of the Company	(3,298)	(36,539)	(4,889)	(34,775)	(79,501)
Minority interests	86	(341)	(297)	49	(503)

Regulation 10C Use of proceeds from securities

On February 28, 2024, the Company completed the issuance of a new series of bonds, Bonds (Series D), as part of which the Company issued bonds totaling ILS 360,000,000 par value, with the objective of repaying the Company's existing liabilities and to finance the Company's operating activities. For more information regarding this issuance of securities, see the immediate reports published by the Company on February 26 and 28 and March 3 and 4 (Ref. No: 2024-01-017233, 2024-01-017629, 2024-01-017824, 2024-01-018757, 2024-01-018907, 2024-01-018907, respectively), which are hereby included by way of reference.

On July 10, 2024, the Company completed an additional issuance of Bonds (Series D) by way of a series expansion (the "**issuance**"), with the objective of using the issuance proceeds to finance the Company's operations, *inter alia*, to repay the Company's existing liabilities, including repaying a loan given to it by ADLER Real Estate GmbH, the Company's former controlling shareholder ("**ADLER**")[1]. The issuance was performed at a premium, whereby for ILS 150,000,000 par value, the Company received a total (gross) amount totaling ILS 158,700,000. For more information regarding the issuance, see the Company's immediate reports of July 8, 9 and 10, 2024 (Ref. No: 2024-01-070455, 2024-01-070989, 2024-01-071370, respectively) included herein by way of reference.

For details about the full early repayment of the Company's bonds in circulation (Series C and Series D), performed on January 20, 2025 and February 2, 2025, respectively, see the immediate reports published by the Company on January 3, 8 and 16, 2025 (Ref. No: 2025-01-001094, 2025-01-003006 and 2025-01-004724, respectively), which are included in this report by way of reference.

[1]For details about the loan and it being repaid see Section 3 under Regulation 22 below.

Regulation 11 **Investments in material subsidiaries and investees**

Company name	No. of shares in the authorized share capital	No. of shares in outstanding and paid-up share capital	Par value	Value in the standalone financial statements as of December 31, 2024 (EUR 000's)	% of capital	% of voting rights	% of authority to appoint directors	Balance of bonds and loans issued (received) in the financial statements as of December 31, 2024 (EUR 000's)
Brack German Properties BV	9,000,000	1,978,261	EUR 0.01	635,351	100%	100%	100%	-
Glasmacherviertel GmbH & Co. KG	500	500	EUR 1	104,200	100%	100%	100%	-

Regulation 13 **Revenues of material subsidiaries and investees and the Company's revenues therefrom**

Company name	Comprehensive profit (loss) in 2024	Total other comprehensive profit (loss) in 2024	Management fees (Received until December 31, 2024)		Interest and linkage differentials (Received until December 31, 2024)		Dividends (Received until December 31, 2024)	
			For 2024	For the period following the balance sheet date	For 2024	For the period following the balance sheet date	For 2024	For the period following the balance sheet date
Brack German Properties BV	(7,013)	(7,013)	-	-	-	-	-	-
Glasmacherviertel GmbH & Co. KG	(36,807)	(36,807)	-	-	-	-	-	-

Regulation 20 Trading on TASE

Further to that stated above under Regulation 10C, during the reporting period, the Company had the following bonds listed:

- On March 5, 2024, ILS 360,000,000 par value of the Company's Bonds (Series D) were listed for trade.
- On July 10, 2024, an additional ILS 150,000,000 par value of the Company's Bonds (Series D) were listed for trade.

For details about the full early repayment of the Company's Bonds (Series C and Series D), performed on January 20, 2025 and February 2, 2025, respectively, see the immediate reports published by the Company on January 3, 8 and 16, 2025 (Ref. No: 2025-01-001094, 2025-01-003006 and 2025-01-004724, respectively), which are included in this report by way of reference.

Regulation 21 Payments to interested parties and senior officers

A. Senior Officers

Presented below is an overview of the payments made by the Company in 2024, as recognized in the Company's 2024 financial statements, to each of the five highest paid officers in the Group:

Payee details				Remuneration for services (EUR 000's)*								Total (EUR 000's)
Name	Position	Scope of position	% holdings of the Company's issued capital	Salary[2]	Bonus	Share based payments	Management fees	Consulting fees	Commission	Other[3]	Comments	
Eran Edelman(1)	CFO and Deputy CEO	Full-time	-	305	1,012	-	-	-	-	58	-	1,375
Gary Wildbaum	Controller	Full-time	-	140	91	-	-	-	-	3	-	234

[2] "**Salary**", including fringe benefits, such as vehicle maintenance, telephone, social benefits, severance pay contributions, and any income attributed to salary due to a component granted to the employee.

[3] Fringe benefits excluding travel and accommodation expenses, insurance and indemnification.

Additional information about the terms of remuneration for the Group's senior officers

1. Mr. Eran Edelman

Mr. Edelman has been serving as the Company's CFO since June 1, 2021, as well as the Deputy CEO since September 9, 2024. On May 23, 2021, the Company entered into an employment agreement with Mr. Edelman for a period of 4 years, as amended on March 6, 2022 and November 6, 2022 (the "**previous employment agreement**").

1.1. On March 27 and 28, 2024, the Company's remuneration committee and board of directors, respectively approved to extend Mr. Eran Edelman's employment agreement with the Company (through one of its subsidiaries) for an additional five (5) year period, pursuant to the terms and conditions described below (the "**current employment agreement**"):

a. Fixed compensation: Similar to that stipulated in the previous employment agreement, pursuant to the current employment agreement Mr. Edelman will continue to be entitled to a fixed monthly salary of EUR 25,000 and social contributions, vacation days, sick days, a vehicle and electronic equipment. Mr. Edelman is also entitled to reimbursement of living expenses of up to EUR 2,800 per month, payment of health insurance expenses and reimbursement of additional expenses associated with his work pursuant to the Company's customary policy.

b. Annual bonus: Similar to that stipulated in the previous employment agreement, subject to the approval of the Company's competent organs, Mr. Edelman is entitled to an annual bonus in an amount not exceeding twelve (12) monthly salaries comprising a **discretionary bonus** (up to 3 monthly salaries) and a **target-based bonus** (up to 9 monthly salaries). In accordance with the Company's remuneration policy, the Company's remuneration committee and board of directors established the targets for the target-based bonus for the 2024 annual period, related to the financing of existing loans, raising new debt and selling properties in an aggregate of approximately EUR 100 million, while maintaining a minimum cash balance of EUR 15 million by year end. On December 23 and 24, 2024, the Company's remuneration committee and board of directors respectively approved that Mr. Edelman had met the targets established for him to be entitled to the target-based bonus and Mr. Edelman will accordingly be paid an annual bonus of EUR 300,000 which includes a discretionary bonus equal to 3 monthly salaries and a target-based bonus totaling 9 monthly salaries (based on Mr. Edelman's actual monthly salary as described above in section 1.1).

c. One-time bonus: Pursuant to the new employment agreement, Mr. Edelman is entitled to a one-time bonus totaling up to 24 monthly salaries upon the occurrence of one of the following events: (i) Refinancing of Company loans totaling at least EUR 100 million entailing an improvement in the cash-flow forecast, demonstrating the capacity to repay the Company's liabilities at least over the next two years; (ii) An event resulting in a reduction of the Company's interest expenses totaling at least EUR 2 million; (iii) An improvement of the rating of the Company's bonds to ilA; (iv) The sale of at least 60% of the Company's property portfolio; or (v) Another event to be established in advance and approved by the Company's remuneration committee and board of directors which entail a special contribution and/or exceptional efforts and/or special achievements for the Company, with Mr. Edelman's involvement. On July 30 and 31, 2024, the Company's remuneration committee and board of directors respectively determined that Mr. Edelman is entitled to a one-time bonus totaling 6 salaries (EUR 150 thousands), for completing the issuance of a new series of Bonds (Series D) and expanding the series, as stated above in Regulation 10C.

d. Retention bonus: Pursuant to the resolution of the remuneration committee and board of directors of August 2022, due to Mr. Edelman's term as Company CFO surpassing the minimum period established in said resolution and the other conditions for entitlement in said resolution being satisfied, in May 2024, Mr. Edelman was paid a retention bonus totaling six (6) salaries (totaling EUR 150 thousands).

e. Change in control bonus: Pursuant to that stipulated in his current employment agreement, if the Company is subject to a change in control event (as defined in the current employment agreement), Mr. Edelman shall be entitled to payment of a change in control bonus totaling 32 monthly salaries (EUR 800 thousands) (the "**change in control bonus**") which shall be paid in two instalments - the first upon the agreement being notarized indicating a change in control event in the Company and the second payment 6 months after the first instalment as part of the change in control transaction. Further to ADLER's engagement with LEG for the sale of its holdings in the Company, as a result of which the control of the Company was transferred from ADLER to LEG (as stated below in Regulation 21A), in November 2024 Mr. Edelman was paid the first part of the change in control bonus totaling EUR 400 thousands, and the second part of the change in control bonus, totaling EUR 400 thousands, is anticipated to be paid in May 2025.

f. Termination terms and conditions: Each party may terminate the employment agreement through the provision of 3 months prior notice given by Mr. Edelman, and 6 months prior notice given by the Company. Mr. Edelman shall also be entitled to an adjustment bonus totaling 6 monthly salaries.

1.2. Further to the approval of the Company's remuneration committee and board of directors of March 2025, the Company entered into a new agreement with Mr. Edelman which regulates the manner of termination of his employment with the Company (through a subsidiary), whose principal terms are specified below (the "**new agreement**"):

a. Employment termination date: Pursuant to the new agreement, Mr. Edelman shall conclude his employment at the Company on July 31, 2025 (the "**employment termination date**").

b. Salary: Pursuant to the new agreement, Mr. Edelman shall continue to be entitled to a fixed monthly base salary of EUR 25 thousands.

c. Annual bonus: For the period commencing on January 1, 2025, and ending on the employment termination date, Mr. Edelman shall be entitled to an annual bonus totaling EUR 175 thousands. The payment of this bonus shall not be contingent upon achieving quantitative or qualitative targets, and shall be paid on the employment termination date.

d. One-time bonus: Subject to Mr. Edelman satisfying his undertakings under the new agreement until June 30, 2025, he shall be entitled to a one-time bonus totaling EUR 125 thousands, which shall be paid to him on the employment termination date.

e. Change in control bonus: The parties agree that the second payment of the change in control bonus as stated above in section 1.2(d), shall be paid to Mr. Edelman as provided for in that section. In this context it should be clarified that all of Mr. Edelman's rights in connection with the change in control bonus shall be exhausted upon said payment of the second part.

f. Adjustment bonus: Mr. Edelman shall be entitled to an adjustment bonus totaling EUR 150 thousands, which shall be paid to him on the employment termination date.

g. Payment of severance pay: Mr. Edelman shall be entitled to the payment of severance pay totaling EUR 33 thousands, which shall be paid to him on the employment termination date.

1.3. In addition to the new agreement, the Company (via a subsidiary) and Mr. Edelman entered into a services agreement, under which, as of July 1, 2025, Mr. Edelman shall provide the Company with services in his field of expertise and experience associated with his service as CFO of the Company, as requested by the Company, as an independent contractor, including (and based on the Company's needs as agreed upon by the parties) CFO services and/or the provision of ongoing advice on the following matters: Transfer of knowhow and contacts to the new management, support with strategic decisions and advisement on ongoing issues, transfer of information regarding Company processes, Company employees and external service providers (the "**services**" and the "**services agreement**", as the case may be). In accordance with the services agreement, Mr. Edelman may provide services to and/or be employed by other parties, provided that they do not directly compete with the Company (unless agreed otherwise). In consideration for the services, Mr. Edelman shall be entitled to hourly pay of EUR 400 per hour, which shall be paid monthly, plus VAT if applicable. Mr. Edelman shall also be entitled to expense reimbursement in accordance with the Company's policies. Pursuant to the services agreement, either party may also conclude the services agreement with the provision of 3 months' prior notice, but in no event prior to December 31, 2025.

2. Mr. Gary Wildbaum

Mr. Gary Wildbaum has been serving as the Company's controller since November 19, 2019 and is entitled to a monthly salary of EUR 11,667.

In 2024 Mr. Wildbaum was paid a one-time bonus totaling approximately EUR 41 thousands, and an annual bonus totaling approximately EUR 50 thousands for his contribution to the Company's operations. The bonuses were approved by the Company's CEO.

Mr. Wildbaum shall consensually conclude his role as the Company's controller on September 30, 2025. In connection with the conclusion of his role, Mr. Wildbaum was approved a post-employment adjustment bonus totaling EUR 155,000, which shall be paid to Mr. Wildbaum in 2025, provided that he serve in his role until September 30, 2025.

Compensation to the Company's interested parties

Director feesThe total amount paid to the Company's directors[4] for their service in 2024 was EUR 367 thousands, including EUR 167 thousands paid to the Company's external directors and EUR 200 thousands paid to non-external directors. Pursuant to the remuneration policy, the compensation payable to the Company's directors shall be in an amount not exceeding the maximum amount established in the Companies Regulations (Rules for Remuneration and Expenses for External Directors), 2000 (the "**Remuneration Regulations**"), according to the tier the Company falls in from time to time, with respect to annual compensation and meeting participation fees.

Regulation 21A Corporation's controlling shareholder

On November 4, 2024, ADLER, the Company's then controlling shareholder, entered into an agreement with LEG Grundstücksverwaltung GmbH ("**LEG**"), which at such time was the Company's second largest shareholder, for the sale of ADLER's shares in the Company to LEG, whereby, at the first stage, ADLER would sell LEG shares constituting 52.68% of the Company's issued and paid-up share capital (the "**first stage**"), and at the second stage ADLER undertook 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 issued and paid-up share capital, if issued by LEG (the "**remaining shares**" and the "**transaction**", respectively). It was further agreed that if LEG does not issue a tender offer, as said, then LEG grants ADLER a put option with respect to the remaining shares. Subsequently: The first stage of the transaction, after which LEG holds 88.2% of the Company's issued and paid-up share capital and is the Company's controlling shareholder, was completed on January 3, 2025.

For additional details about the transaction, see the Company's immediate reports dated November 5, 2024 and December 10, 2024 (Ref. No: 2024-01-613935 and 2024-01-623426, respectively), hereby included in this report by way of reference. For further information about

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ADLER and LEG and their holdings in the Company subsequent to the completion of the first stage, as aforementioned, see the immediate report dated January 3, 2025 (Ref. No: 2025-01-001103), included in this report by way of reference.

<u>Regulation 22</u> **Transactions with the controlling shareholders**

Presented below, to the best of the Company's knowledge, are details regarding any transaction with the Company's controlling shareholder or transactions in which the Company's controlling shareholder has a personal interest in approving, which the Company entered into in 2024 and subsequent to December 31, 2024, and by the submission date of this report, or which are still in effect as of the publication date of the report:

<u>Transactions included within Section 270(4) of the Companies Law</u>

1. <u>Execution of financing agreements with companies in the LEG Group</u>

   1.1. On December 24, 2024, further to the approval of the Company's audit committee and board of directors of December 23 and 24, 2024, respectively, the Company entered into a loan agreement with LEG whereby LEG will provide a loan to the Company and subsidiaries of the Company, in an amount totaling up to EUR 33.3 million, with the objective of repaying a loan taken by the Company from a foreign banking corporation which matures on March 31, 2025 (the "**loan agreement**"). The loan agreement was approved in accordance with Regulation 1(6) of the Companies Regulations (Reliefs for Interested Party Transactions), 2000 (the "**Relief Regulations**"), solely to err on the side of caution, due to ADLER having a potential personal interest in the approval of the loan, due to it being party to the transaction with LEG, and the proximity in time between the completion of the first stage of the transaction and the resulting change in control. For more information about the loan agreement and the reasons given by the audit committee and board of directors to approve it, see the immediate report published by the Company on December 24, 2024 (Ref. No: 2024-01-626902) which is included herein by way of reference. As shall be described below in section 1.2, due to the beneficial terms of the credit facility received by the Company from LEG, the Company's board of directors decided to not draw said loan amounts.

   1.2. On February 9, 2025, further to the approval of the Company's audit committee and board of directors of February 6 and 7, 2025, respectively, the Company entered into financing agreements with LEG NRW GmbH (hereinafter in this section: the

"**Lender**"), a sister company of LEG, the Company's controlling shareholder, as specified below (the "**financing agreements**"):

a. A loan agreement whereby the Lender will provide the Company and subsidiaries of the Company with a loan of up to EUR 85 million, without the Company providing any collateral, with the objective of affecting early repayment of a loan taken by the Company from a foreign banking corporation which matures on June 30, 2026; and

b. A credit facility agreement with the Lender in an amount of up to EUR 40 million, without the Company providing any collateral (the "**credit facility**").

Each one of the aforementioned engagements were approved in accordance with Regulation 1(5) of the Relief Regulations, due to them being a transaction between the Company and its controlling shareholder, being at arm-length terms, in the ordinary course of business for the Company, and not being adverse to the Company's best interests.

Similarly, due to the beneficial terms and conditions of the credit facility, the Company's board of directors decided to not draw the loan proceeds under the loan agreement it entered into with LEG, as stated above in section 1.1, and if necessary the Company shall use the credit facility (or any relevant part thereof) to make early repayment of the loan taken by the Company from a foreign bank (whose repayment is the objective of the execution of said loan agreement).

For more information about the terms and conditions of the financing agreements and the reasons of the audit committee and board of directors to approve the Company's engagement therein, see the immediate report published by the Company on February 9, 2025 (Ref. No: 2025-01-009398), included herein by way of reference.

2. <u>Entering into a loan agreement with LEG to finance early redemption of the Company's bonds</u>

On January 3, 2025, further to the approval of the Company's audit committee and board of directors of January 2 and 3, 2025, respectively, the Company entered into a loan agreement with LEG NRW GmbH (hereinafter in this section: the "**Lender**"), a sister company of LEG, pursuant to which the Lender will provide the Company with a loan to affect full and early redemption of the Company's Bonds (Series C and D). This engagement was approved in accordance with Regulation 1(6) of the Relief Regulations, due to ADLER having a personal interest in the approval of the loan, due to it being party to the transaction with LEG, and the proximity in time between the anticipated change in control of the Company and the approval date of the loan.

For more information about the terms and conditions of said loan agreement and the reasons given by the audit committee and board of directors to approve the engagement, see the immediate report published by the Company on January 3, 2025 (Ref. No: 2025-01-001093) which is included herein by way of reference.

3. Agreement to obtain a credit facility from ADLER, the Company's former controlling shareholder, and full early repayment of the credit facility

On May 19, 2022, further to the approval of the Company's audit committee and board of directors, the Company entered into an agreement with ADLER (the Company's then controlling shareholder), whereby ADLER would provide the Company with a credit facility totaling EUR 200 million (hereinafter in this section: the "**credit facility agreement**"). The Company's engagement in the credit facility agreement was approved by the Company's audit committee and board of directors pursuant to Regulation 1(5) of the Relief Regulations, as a transaction executed in the ordinary course of business for the Company, at arm-length terms and which is not adverse to the Company's best interests. For more information about the approval of the credit facility and the reasons of the audit committee and board of directors see the immediate report published by the Company on May 19, 2022 (Ref. No: 2022-01-061300) which is included herein by way of reference.

From the execution date of the credit facility agreement and until the date of full repayment of the credit as described below, the terms of the engagement were amended, as follows:

3.1. On August 13, 2022, further to the approval of the Company's audit committee and board of directors, the Company agreed with ADLER on several amendments to the credit facility agreement whose main purpose was to revise the credit facility's availability period. The aforementioned amendment was approved by the Company's audit committee and board of directors pursuant to Regulation 1(5) of the Relief Regulations, as a transaction executed in the ordinary course of business for the Company, at arm-length terms and which is not adverse to the Company's best interests. For more information, including the reasoning of the audit committee and board of directors, see the immediate report published by the Company on August 14, 2022 (Ref. No: 2022-01-102571), hereby included by way of reference.

3.2. On March 31, 2023, ADLER provided the Company with a one-sided undertaking whereby ADLER would extend the maturity date for EUR 70 million of the amount drawn by the Company for an additional six (6) months, until June 30, 2024, subject to amending the terms of the interest, providing a security, and the fulfillment of various conditions precedent (the "**ADLER undertaking**"). For more information regarding the primary terms and conditions of the ADLER undertaking, see the Company's immediate report dated March 31, 2023 (Ref. No: 2023-01-036906), hereby included by way of reference.

3.3. On August 28, 2023, following the approval of the Company's audit committee and board of directors, the Company and ADLER came to an agreement whereby the credit facility agreement would be amended ("**amendment to the agreement**") with the following primary changes: The maturity date for EUR 75 million of the amount drawn by the Company shall be extended for an additional twelve (12) months until December 29, 2024[5] (the "**remaining amount**"); the balance, totaling EUR 75 million, was repaid on August 31, 2023 (the "**amount repaid**"); the interest rate for the remaining amount shall be amended; and the unutilized credit facility totaling EUR 50 million shall expire (the "**amendment to the agreement**"). The other terms and conditions of the credit facility remained unchanged. The amendment to the agreement replaced the one-sided undertaking given by ADLER to the Company regarding the credit facility.

The amendment to the agreement as well as executing the amount repaid were approved by the Company's audit committee and board of directors on August 23, 2023, subject to approval of the authorized persons at ADLER (which was received on August 28, 2023), in accordance with Regulation 1(5) of the Relief Regulations. For

[5] It should be noted that in light of the maturity date of the balance of the credit facility to ADLER, and solely to err on the side of caution, the issuance of the Company's new bond series (Bonds (Series D)), which was performed subsequent to the date of the report, was also discussed by the audit committee and a resolution by the Company's board of directors to approve it was unanimously adopted solely by the Company's independent and external directors. For additional information about the issuance of Bonds (Series D), see section 6.5 of the board of directors report attached as Chapter B to this report.

more information including with respect to the terms of the amendment and the approvals received by the Company and their underlying reasons, see the immediate report published by the Company on August 28, 2023, (Ref. No: 2023-01-080680) which is included herein by way of reference.

3.4. On May 26, 2024, further to the approval of the Company's audit committee and board of directors, the Company entered into an agreement with ADLER to amend the terms of the loan and to repay part of the loan, principally: The repayment date for EUR 50 million on account of the outstanding balance was scheduled for June 3, 2024; the repayment date of the outstanding balance, totaling EUR 25 million, remained until the end of 2024 (jointly, the "**remaining amount**"); and the interest rate was amended with respect to the remaining amount. The other terms and conditions of the loan remained unchanged. The aforementioned amendment of the terms and conditions was approved in accordance with Regulation 1(5) of the Relief Regulations. For more information about the amendment of the terms and conditions and reasons therefor, 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.

3.5. On July 31, 2024, pursuant to the provisions of the loan agreement between the Company and ADLER, 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. Through this repayment, the Company effectively repaid the entire outstanding balance (principal and interest), and thereby satisfied its entire obligation to ADLER. For more information about the approval of the full repayment and the reasons therefor, see the Company's immediate report dated August 7, 2024 (Ref. No: 2022-01-080424), included herein by way of reference.

4. Engagement to acquire minority rights in subsidiaries; transaction to sell property companies

On May 9, 2019, the Company's audit committee and board of directors approved for the Company and a subsidiary of ADLER, the Company's former controlling shareholder (and the Company's controlling shareholder at the time of said engagement), pursuant to Regulation 1(4) of the Relief Regulations, to enter into an agreement regarding the exercise of the Company's right of refusal/right of first offer to acquire the rights in various property companies owned by the Company, whereby ADLER's subsidiary would acquire 10.1% of the total rights of the relevant property companies together with the Company.

In January 2025, following the change of control in the Company described under Regulation 21 above, all of ADLER's rights deriving from its holdings in those property companies ended, and it ceased being party to the collaboration agreements which regulate the rights and obligations with respect to those property companies without any consideration whatsoever being paid by the Company to ADLER for said conclusion and with the agreement of the Company, the other minority shareholders and ADLER.

For more information see Note 18(5) to the Company's 2021 financial statements and the Company's immediate reports dated January 29, May 11 and July 1, 2019 (Ref. No: 2019-01-010509, 2019-01-040008 and 2019-01-056562, respectively), included herein by way of reference.

5. Release, insurance and indemnity arrangements - For details about release, insurance and indemnity arrangements, see Regulation 29A below.

Transactions not included within Section 270(4) of the Companies Law

1. Sale of Consus shares - Further to the approval of the Company's remuneration committee and board of directors of August 26 and 27, 2024, respectively, to accept the proposal made by ADLER, the Company's former controlling shareholder (and the Company's controlling shareholder at the time of the approval of the engagement), to enter into a transaction, whereby the Company will sell ADLER 4,870,891 shares of Consus Real Estate AG which are held by it at a price of EUR 0.01 per share (the "**shares**" and the "**consideration**", respectively), on November 7, 2024, the Company and ADLER entered into an agreement to sell the shares, and the shares were transferred against payment of the consideration on January 3, 2025. The aforementioned engagement was classified by the Company's audit committee on August 26, 2024, as a non-exceptional engagement, as defined under the Companies Law.

2. Insurance broker services - The Company has entered into an agreement with ADLER Assekuranzmakler GmbH & Co. KG ("**ADLER GmbH**"), a subsidiary of ADLER (the Company's former controlling shareholder, and the Company's controlling shareholder as of the date of the engagement), under which ADLER GmbH will provide the Company with insurance brokerage services. On January 31, 2019, the Company's audit committee

classified said engagement as a non-exceptional engagement, as defined under the Companies Law. The audit committee believes that in light of the nature of the Company's operations, this engagement was performed in the ordinary course of business for the Company, at arm-length terms and without a material impact on the Company's profits. On February 20, 2019, this engagement was approved and ratified by the Company's board of directors as a non-exceptional transaction and as being in the best interests of the Company. It should be noted that subsequent to the date of the report, the Company ended the engagement with the subsidiary of ADLER.

3. <u>Engagements for regulatory purposes</u> - On December 16, 2020, the Company's board of directors approved the sale of 0.1% of property companies held by the Company as part of the Company's preparations for various changes which may be introduced in Germany in the coming years. On December 18, 2020, and as a precaution, said transaction was classified by the Company's audit committee as a non-exceptional transaction in which the Company's controlling shareholder has a personal interest due to the fact that the buyer had performed similar transactions with various property companies held by ADLER, the Company's previous controlling shareholder, and the Company's controlling shareholder as of the date of the engagement, including it holding a negligible rate of said companies; and because the ultimate controlling shareholder of the buyer previously indirectly held shares in ADLER Group SA. It should be clarified that as of the approval date of the transaction, and to the best of the Company's knowledge, the ultimate controlling shareholder no longer holds shares in ADLER Group SA (and, in any event, did not hold more than 5% of the shares in Adler Group SA). The transaction was performed in the ordinary course of business for the Company, at market terms and for a negligible amount of less than EUR 1 million, and it is not anticipated to materially impact the Company's profitability, property or its obligations.

4. <u>Advisor fees</u> - At the request of ADLER (the Company's previous controlling shareholder, and the Company's controlling shareholder on the date of the engagement), the Company engaged various legal advisors to produce the materials required by ADLER for processes being undertaken by ADLER to sell its share in the Company, and which are also used by the Company for its business affairs and to implement its strategy. The advisor fees are in a negligible amount, will be paid by the Company, and will be reimbursed to it in full by ADLER within 30 days from the Company's request. The aforementioned engagement was

classified as a non-exceptional transaction (as such term is defined in the Companies Law) by the Company's audit committee.

5. Engagement for regulatory purposes with a third-party financed by the controlling shareholder - Further to legal and tax advice received by the Company, whereby the preferable holdings structure for the Company's property companies, which would be beneficial for the Company from a tax perspective (according to local property tax laws in Germany) and for regulatory purposes, is, *inter alia*, to maintain a minority holding of at least 10.1%, the Company entered into a transaction with a third-party who is unrelated to the Company or its controlling shareholder (the "**buyer**"), under which the buyer shall acquire shares in various property companies which shall give it a 10.1% holding in those property companies, against payment reflecting the fair value of said shares (hereinafter in this section: the "**transaction**"). The financing of the consideration in said transaction shall be performed via a loan taken by the buyer from LEG, the Company's controlling shareholder, at an interest rate reflecting market interest. For this purpose, the Company, the buyer and LEG entered into an agreement regulating the parties' relationship, including LEG's undertaking to provide said loan. In light of the fact that the financing of said acquisition was facilitated by the Company's controlling shareholder, and considering characteristics of the transaction and the amount of the consideration paid therein, this engagement was classified by the Company's audit committee on March 4, 2025, as a non-exceptional engagement, as defined under the Companies Law, and the transaction was accordingly approved by the Company's board of directors (without directors related to the Company's controlling shareholder being in attendance).

Regulation 24 Interested party and senior officer holdings

For details regarding holdings of interested parties and senior officers of the Company, see the Company's immediate report dated February 2, 2025 (Ref. No: 2025-01-008217), hereby included by way of reference.

Regulation 24A Authorized capital, outstanding capital and convertible securities

For details regarding the Company's shareholder register, see the immediate report published by the Company on March 3, 2024 (Ref. No: 2024-01-018742), hereby included by way of reference.

<u>Regulation 24B</u> **Corporation's shareholder register**

For details regarding the Company's shareholder register, see the immediate report published by the Company on February 2, 2025 (Ref. No: 2025-01-008209), hereby included by way of reference.

As of the date of the report, there are 31,688 Company shares held by the Company, which in accordance with Section 308 of the Companies Law, do not grant any rights whatsoever while held by the Company (the "**treasury shares**"). Accordingly, the number of shares included in the Company's issued share capital less treasury shares is 7,730,875 shares.

<u>Regulation 25A</u> **Registered address**

Company name:	Brack Capital Properties N.V.	**Israeli address for service of court documents**
Registered address:	Herengracht 456, Amsterdam 1017CA, the Netherlands	Herzog Fox Neeman & Co. - Advocates
Email:	g.wildbaum@bcp-nv.com	6 Yitzhak Sadeh St., Herzog Tower, Tel Aviv
Tel:	0031-20-240-4330	Tel: 03-6922020
Fax:	0031-20-240-4339	Fax: 03-6966464

Regulation 26 **Details about the Company's directors as of the publication date of the report**[6]

Name	**Liselot Dalenoord (Chairperson)**	**Patrick Burke**	**Volker Wiegel**	**Lars von Lackum**	**Ron Hadassi**	**Taco Tammo Johannes de Groot**
Name in English as appears in passport	Elisabeth (Antoinette) van der Kuijlen-Dalenoord	Patrick Burke	Volker Wiegel	Lars Christian Heinrich Guenter Eugen von Lackum	Ron Hadassi	Taco Tammo Johannes de Groot
ID number	NV4K3J637	556537023	L80969PPR	L754K289R	059258269	IW7BRCF88
Date of birth	08.11.1974	12.02.1974	12.10.1976	24.03.1975	24.03.1965	20.02.1963
Address for service of legal process	Herzog Tower, 6 Yitzhak Sadeh St. Tel Aviv 6777506, Israel	17 Dover Park Drive, London SW155BT, UK	Rolandstr. 31, 40476 Dusseldorf, Germany	Klopstockstr. 10, 40237 Dusseldorf, Germany	13 Igal Yadin st. Hod Hasharon Israel 45314	Herzog Tower, 6 Yitzhak Sadeh St. Tel Aviv 6777506, Israel
Citizenship	Dutch	British	German	German	Israeli	Dutch
Member of any of the board committees	No	Audit committee, remuneration committee, financial statements examination committee	No	No	Audit committee, remuneration committee, financial statements examination committee	Audit committee, remuneration committee, financial statements examination committee
Are they an independent or external director; do they have accounting and financial expertise or hold	Independent director	Independent director with financial and accounting expertise	Ordinary director with financial and accounting expertise	Ordinary director with financial and accounting expertise	External director with financial and accounting expertise	External director with financial and accounting expertise and professional training

[6] It should be noted that during the reporting period, Mr. Thomas Zinnocker served as chairman of the Company's board of directors (see the immediate report about the conclusion of his term in office of May 9, 2024 (Ref. No: 2024-01-045643), hereby included by way of reference), Mr. Thilo Schmid served as chairman of the board of directors (see the immediate report about the conclusion of his term in office of January 3, 2025 (Ref. No: 2025-01-001099) hereby included by way of reference, Mr. Hubertus Kobe served as an ordinary director (see the immediate report about the conclusion of his term in office of June 2, 2024 (Ref. No: 2024-01-055564) hereby included by way of reference), and Mr. Thierry Beaudemoulin served as a director and as CEO of the Company (see the immediate report about the termination of his term in office dated December 5, 2024 (Ref. No: 2024-01-622542) hereby included by way of reference. For more information about changes to the structure of the Company's board of directors, see section 6.6 of the board of directors' report attached as Chapter B to this report.

Name	Liselot Dalenoord (Chairperson)	Patrick Burke	Volker Wiegel	Lars von Lackum	Ron Hadassi	Taco Tammo Johannes de Groot
professional qualifications - as defined in the Companies Law?						
Is the director an employee of the Corporation, any of its subsidiaries, affiliates or interested parties?	No	No	Yes - COO of LEG Immobilien, the controlling shareholder of the Company.	Yes - CEO of LEG Immobilien, the controlling shareholder of the Company.	No	No
Date of commencement of service	08.05.2022	02.07.2018	16.01.2025	16.01.2025	01.05.2021	06.03.2023
Education	LL.M Master of Law, Civil Law - University of Amsterdam MRE, Master in Real Estate - Amsterdam School of Real Estate Bc, Bachelor Management, Economics and Law (Real Estate) - Hanzehogeschool van Groningen	Bachelor in Economics Institut Le Rosey, Rolle, Switzerland Bachelor in Architecture, Planning and Construction and Environmental Sciences University College, London, UK Master in Real Estate, Land appraisal and law Business School, London, UK	Graduate economist (Diplom Volkswirt) – University of Hagen First State Exam, Law – Universities of Freiburg and Berlin Second State Exam, Law – Superior Court (Kammergericht) of Berlin	Certified Public Accountant (CPA) – University of Illinois Steuerberater (Tax Advisor) – Steuerberaterkammer Munchen Diplom-Kaufmann (Business Graduate) – University Bayreuth and Cologne	Tel Aviv University, B.A in Economics, Political Science. Tel Aviv University, L.L.B (1995). Tel Aviv University, M.B.A, Specialized in finance and marketing. BAR admission - 1995.	Master degree in Dutch Law - University of Utrecht, Rijksuniversiteit Utrecht. Master degree in Real Estate (MRE) - Amsterdam School of Real Estate, Universiteit van Amsterdam.

Name	Liselot Dalenoord (Chairperson)	Patrick Burke	Volker Wiegel	Lars von Lackum	Ron Hadassi	Taco Tammo Johannes de Groot
Employment in the last five years	EAD real estate consultancy – owner (2024-current) Croon, Wolte & Dros – Commerce Department Manager. (2021-2024) Royal Institute of Charted Surveyors – Director Benelux (2018-2021)	Co-Founder, Managing Director, Compliance Officer of Consortium Capital Group since 2009	COO (Chief Operating Officer) of LEG Immobilien SE	CEO (Chief Executive Officer) of LEG Immobilien SE	Chairman of Elbit Medical Technologies since 2014 and CEO of this company since April 2020. Executive director of Plaza Centers NV. Finance and banking lecturer at the Hebrew University and the College of Management Academic Studies. Brookland Upreal Limited-trustee since February 2019 -Starwood West Limited-trustee since July 2020	2021-2023 – Ad Interim CEO at Urban Interest B.V. 2011-2020 – CEO/Chairman of the Board of Vastned Retail NV
Director of the following companies	-	Consortium Capital Ltd., Consortium	-	-	-Bareket-Director since June 2021 -Qualitau LTD-Director	Tritax EuroBox Plc, London

Name	Liselot Dalenoord (Chairperson)	Patrick Burke	Volker Wiegel	Lars von Lackum	Ron Hadassi	Taco Tammo Johannes de Groot
		Maritime Trading Ltd., HERO Club Ltd., HERO events Ltd., HERO Partners Ltd. CIBO London Ltd			since June 2020 -Bazan Group- Director since June 2021 -Carmel group Ltd- Director since 2014 -Iskoor – (private company) - Director since 2019 -Hertz Properties Group Limited- Director since October 2023 - Shaniv - SasaTech Group - Director since September 2024 Liguy Hadassi Management and Investments Ltd. (Private family company) - managing partner since 2009	

Name	Liselot Dalenoord (Chairperson)	Patrick Burke	Volker Wiegel	Lars von Lackum	Ron Hadassi	Taco Tammo Johannes de Groot
Familial relationship to any of the Company's other interested parties	N/A	N/A	N/A	N/A	N/A	N/A
Are they a director who the Company sees as having accounting and financial expertise in order to satisfy the minimum number established by the board of directors under Section 92(a)(12)?	No	Yes	Yes	Yes	Yes	Yes

<u>Regulation 26A</u> **Senior office holders as of the publication date of the report whose details were not presented above under Regulation 26**

Name	Eran Edelman	Gary Wildbaum	Doron Rozenblum Lev
Name in English as appears in passport	Eran Edelman	Gary Wildbaum	Doron Rozenblum Lev
ID number	021613633	015511181	024850406
Date of birth	16.06.1985	29.09.1983	12.2.1970
The position they hold in the Company, any of its subsidiaries, affiliated companies or in one of its interested parties	CFO and Deputy CEO	Controller	Internal auditor
Date of commencement of service	01.06.2021	19.11.2019	07.02.2025

Name	Eran Edelman	Gary Wildbaum	Doron Rozenblum Lev
Education	CPA Accounting and economics graduate (Hebrew University of Jerusalem)	CPA, MBA major in accounting (IDC Herzliya); MBA major in financing from CEU	BA in Accounting (College of Management); MBA (Ono Academic College) Certified Internal Auditor Certified Risk Management Auditor (CIA, CRMA) Quality Assurance Review (QAR); Certified in Risk and Information Systems Control and Certified Information Systems Auditor (CRISC, CISA)
Employment in the last five years	Head of Finance - ADLER Group SA (2017-2021) CPA – Professional Division KPMG Tel-Aviv (2014-2017)	Auditor at KPMG Budapest - Specializing in auditing property companies (2011-2015) Assistant to the Company's CFO and controller from 2015.	Managing partner at the accounting firm of Ezra Yehuda-Rozenblum & Co.
Are they one of the Company's interested parties or relative of one of the Company's other senior officers or of one of its interested parties	No	No	No

<u>Regulation 26B</u> **Company's independent authorized signatories**

As of the publication date of the report, the Company does not have independent authorized signatories, as such term is defined under Section 37(d) of the Securities Law.

Regulation 27 **Company's auditors**

In Israel
Name: Ziv Haft BDO
Address: 48 Begin Rd., Tel Aviv (Amot House)

In the Netherlands
Name: IUS Statutory Audits Cooperatie U.A
Address: Stroombaan 6-8
1181 VX Amstelveen

Regulation 28 **Changes to the articles of association or memorandum of incorporation**

There were no changes to the Company's articles of association during the reporting period.

Regulation 29 **Board recommendations and resolutions**

Regulation 29(a) Director recommendations to the general meeting, and board resolutions not requiring general meeting approval

1. Payment of dividends or a distribution - N/A;
2. Changes in the corporation's authorized or outstanding share capital - N/A;
3. Changes to the articles of association of the corporation - N/A;
4. Redemption of redeemable securities, as defined in Section 312 of the Companies Law - N/A;
5. Early redemption of bonds - For details about the full early repayment of the Company's bonds in circulation (Series C and Series D), performed on January 20, 2025 and February 2, 2025, see the immediate reports published by the Company on January 3, 8 and 16, 2025 (Ref. No: 2025-01-001094, 2025-01-003006 and 2025-01-004724, respectively), which are included in this report by way of reference.
6. A transaction not at arm length terms, between the corporation and an interested party thereof, other than a transaction involving the corporation with a subsidiary - N/A;

Regulation 29(B) **General meeting resolutions adopted against the recommendation of the board of directors**

For more information about the general meeting resolution to not approve the resolution to authorize the Company's board of directors as the competent organ to instruct the issuance of

Company shares, and to not approve the resolution to authorize the Company's board of directors to restrict or exclude the preemptive right of the Company's shareholders, against the recommendation of the board of directors, see the Company's immediate reports of November 26, 2024, December 12, 2024 and December 31, 2024 (Ref. No: 2024-01-619177, 2024-01-624035 and 2024-01-628993, respectively), included herein by way of reference.

Regulation 29(c) Extraordinary general meeting resolutions

1. On May 8, 2024, the extraordinary general meeting approved the following items: (1) Appointment of Mr. Hubertus Kobe as a director (not an external director) on the Company's board of directors for a term in office to commence as of the convention date of the general meeting until the end of the next annual general meeting; (2) Reappointment of Mr. Ron Hadassi as an external director for a second 3-year term in office. For additional details see the immediate report dated April 3, 2024, regarding the convention of the general meeting (Ref. No: 2024-01-038289) and the immediate report dated May 8, 2024, about the results of the general meeting (Ref. No: 2024-01-048186), hereby included by way of reference.
2. On December 31, 2024, the annual and extraordinary general meeting approved the following items: (1) Discussion and approval of the Company's 2023 annual report and financial statements (prepared in accordance with Dutch law); (2) Reappointment of the Israeli auditor and authorization of the board of directors to establish the auditor's fee; (3) Reappointment of the Dutch auditor; (4) Release of the board members from liability under Dutch law; (5) Award of letters of indemnification to officers from the controlling shareholder and related to the controlling shareholder, and officers of the Company to whom the Company's controlling shareholder may be deemed to have a personal interest in granting letters of indemnification, currently in office and/or who may hold office in the future; (6) Granting a release to officers of the Company pursuant to Israeli law; (7) Reappointment of Mr. Thilo Ger Schmid as a director on the Company's board of directors; (7) Reappointment of Mr. Patrick Burke as an independent director on the Company's board of directors; (8) Reappointment of Ms. Liselot Dalenoord as an independent director on the Company's board of directors; (9) Authorizing the Company's board of directors as the competent organ to issue Company shares; and (10) To authorize the Company's board of directors to restrict or exclude the preemptive right granted and to release the Company's shareholders from the preemptive right given to them. For additional details see the

Company's immediate reports dated November 26, 2024 and December 12, 2024 (Ref. No: 2024-01-619177 and 2024-01-624035, respectively), regarding the convention of the general meeting and the immediate report dated December 31, 2024 on the results of the general meeting (Ref. No: 2024-01-628993), hereby included in this report by way of reference.

3. On January 16, 2025, the extraordinary general meeting approved the following items: (1) Appointment of Mr. Volker Wiegel as an executive director (not an external director) on the Company's board of directors for a term in office to commence as of the convention date of the general meeting until the end of the next annual general meeting; (2) Appointment of Mr. Lars von Lackum as a non-executive director (not an external director) on the Company's board of directors for a term in office to commence as of the convention date of the general meeting until the end of the next annual general meeting. For additional details, see the immediate report dated December 12, 2024, regarding the convention of the meeting (Ref. No: 2024-01-624076) and the immediate report dated January 16, 2025, regarding the results of the meeting (Ref. No: 2025-01-004931), hereby included by way of reference.

4. On February 2, 2025, the extraordinary general meeting approved the classification of Mr. Lars von Lackum as an executive director, in accordance with Dutch law and the Company's articles of association, for a term in office to commence as of the date of his approval by the general meeting being convened as said until the end of the next annual general meeting. For additional details, see the immediate report dated December 29, 2024, regarding the convention of the meeting (Ref. No: 2024-01-628102) and the immediate report dated February 2, 2025, regarding the results of the meeting (Ref. No: 2025-01-008219), hereby included by way of reference.

Regulation 29A **Company resolutions**

The Company granted its officers letters of release and indemnification, as specified below:

1. Release for directors and officers

   On November 26, 2024, the Company's remuneration committee and board of directors and on December 31, 2024, the Company's general meeting approved granting a release to the Company's current and/or future officers and directors, subject to applicable law, 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. The terms of the release are identical with respect to all of the Company's officers and directors, and are subject to relevant restrictions stipulated in the Companies Law, the Company's articles of association and remuneration policy.

Additionally, on December 31, 2024, the Company's general meeting approved for the directors (at that time as well as future directors) to be released from liability with respect to their actions in the 2023 and 2024 financial years under Dutch law, insofar as such actions are or will be reflected in the Company's 2023 and 2024 financial statements.

For more information see the Company's immediate report regarding the convention of an annual and extraordinary general meeting dated November 26, 2024 and the supplementary report dated December 12, 2024 (Ref. No: 2024-01-619177 and 2024-01-624035, respectively), included herein by way of reference.

2. <u>D&O insurance</u>

On November 26, 2024, the Company's remuneration committee and board of directors approved for the Company to enter into a run-off D&O liability insurance policy, and to include in the insurance policy all of the Company's incumbent directors, including directors and officers from the controlling shareholder and the directors and officers with respect to whom the controlling shareholder has a personal interest pursuant to Regulation 1B1 of the Relief Regulations and the Company's remuneration policy.

3. <u>Indemnification for directors and officers</u>

On July 4, 2012 the Company's general meeting (following the approval of the audit committee and board of directors in March 2012) approved for the Company to issue letters of indemnity to the Company's senior officers (including to all directors) which include the Company's undertaking to indemnify them due to any liability or expense as detailed in the letters of indemnity, which any of them may be subjected to due to one or more of the following: (a) By virtue of them being an officer and/or employee of the Company and/or subsidiaries of the Company; (b) By virtue of them being, at the Company's request, a senior officer, employee or agent of the Company in any other corporation. The total aggregate indemnification amount which shall be paid by the Company for all of its officers under the letters of indemnity issued to them by the Company, shall not exceed an amount that equals 25% of the Company's relevant shareholder equity.

On November 26, 2024, the Company's remuneration committee and the board of directors, and on December 31, 2024, the Company's general meeting, approved granting letters of indemnity to current and future officers from the controlling shareholder and officers who are related to the controlling shareholder, as well as officers of the Company with respect to whom the Company's controlling shareholder may be deemed to have a personal interest in granting letters of indemnity, in a form identical to the letters of indemnity granted to the Company's other officers as described above. For more information see the Company's immediate report regarding the convention of an annual and extraordinary general meeting dated November 26, 2024 and the supplementary report dated December 12, 2024 (Ref. No: 2024-01-619177 and 2024-01-624035, respectively), included herein by way of reference.

Brack Capital Properties N.V.

March 20, 2025

Volker Wiegel Company CEO	Liselot Dalenoord Chairperson of the Company's Board of Directors