ANNUAL REPORT AND ACCOUNTS 2014

SUMMIT
Germany Ltd

Carrée Seestraße GbR, Berlin

Content

INDEX

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Summary

We are pleased to present the audited results for the year ended 31 December 2014 of Summit Germany Limited and its subsidiaries (together: the "Group") and the Group's annual report.

2014 was a successful and significant year for the Group. The results reflect our accomplishments in further improving our stable portfolio, aiming towards its further expansion. The highlights achieved were:

Results

- Net profit of €70.9 million compared to €23.8 million in 2013
- EPRA Net Asset Value (NAV[1]) at 31 December 2014 increased to €255.4 million compared to €167.4 million in 2013. EPRA NAV per share increased 24% to 87c (2013:70c).
- Profit Before Tax (PBT) increased to €74.0 million (2013: €23.9 million)
- Earnings Per Share (EPS) almost tripled to 23.7c (2013: 8.1c)
- Funds From Operations (FFO) per share of 4.8c (2013: 4.2c on comparable basis)
- Profit from revaluations amounted to €34.7 million, including a €28 million valuation surplus on the acquired portfolio

Improving Cash Flow through the Portfolio's Operations

- Investment portfolio of 95 properties with a gross asset value of €582.6 million, generating net rent of €47.1 million per annum, reflecting a rental yield of 8.1%.
- Signing of 237 new leases and renewals in 2014 (rent of €12 million p.a.)
- Occupancy rate reached 90.4% across majority of the Group's portfolio and 87.4% across the whole portfolio.
- Like for Like rental growth of 5.17%
- Increase of 7% in the rent per sqm over the Group's portfolio through successful reletting
- €0.6 million gain from disposal of interest in property in Berlin at a yield of 5.2%
- First JV's residential development project in Berlin is 96% sold
- Pipeline of further attractive acquisition in various stages of negotiations

Improving Cash Flow through Financing

- Refinancing of the Group's €268 million main debt facility with a €13.5 million NAV uplift and low interest rate fixed over a seven year term. LTV decreased to 46% compared to 63% in 2013
- Expiration of legacy swaps resulting in a €7 million increase in annual future cash flows

[1] EPRA NAV is calculated based on the IFRS NAV excluding the effect of deferred tax and the fair value of hedging instruments

- Further financing activity after the end of the reporting period:
    - Refinancing 9 of 11 assets acquired in 2014 with a €31 million seven years debt facility provided at a low interest rate
    - Early repayment of ca. €50m shareholders loan from resulting in ca. €4.75m of interest savings p.a. further strengthening the Group's cash flow

Significant events

- Admission to AIM and €35 million gross proceeds in February 2014
- Further fund raising of €120 million gross proceeds in February 2015
- Acquisition of a €73.5 million loan facility at a cost of €46 million regaining control of a portfolio of 11 properties across Germany

Dividends

- Quarterly dividend payments amounted to 2.85c per share in 2014, reflecting an annualised yield of 5.42% on the IPO share price
- Dividend of 0.77 cent per share for Q1 2015 announced today reflecting capital increase pre deployment of funds raised
- Future dividends to reach target yield of 7% on IPO price of 63 cents as funds are deployed

Harry Hyman, Chairman, commented: "2014 was significant for the major progress Summit has made in executing our strategy to deliver strong returns for our shareholders. Acknowledging the importance of dividends to our shareholders, Summit took active steps towards improving its cash flows and the potential for the Company to increase the dividends."

Zohar Levy, Executive Director and Managing Director, added: "It has been a very successful year for Summit. We have made excellent progress and we are delighted with the major operational and financial accomplishments we have made. With a stable portfolio and a firm management platform we are well positioned to continue and move forwards towards our targeted expansion."

Rahmhof, Schillestrasse 5, Frankfurt

Chairman’s and Managing Director's Report

Chairman’s and Managing Director's Report

Summit made significant achievements in 2014 improving its operations and occupancy while fixing its long term debt on relatively low interest rates. The Company is looking forward to further increasing its portfolio of properties and free cash flow in order to increase the dividend returns to its shareholders.

Summit has almost tripled its net profit to €70.9 million for the year ended December 31 2014 compared to €23.8 million in 2013 and has more than tripled its PBT to €74 million (2013: €23.9 million).

Increase in NAV

The EPRA NAV per share as of 31 December 2014 has increased to 87c (2013: 70c, 24% increase), following several events which took place during the reporting period:

- In April 2014 the Group acquired a €73.5 million loan facility which was under breach of covenants for total acquisition costs of approximately €46 million. Following the acquisition, the Group regained control over 11 properties with a total of 90,000 sqm.
- The improved performance of the Group’s portfolio and the portfolio acquisition as referred to above affected positively the Net Market Value (“NMV”) of the properties contributing €34.7 million to the increase in the NAV, including a €28 million valuation surplus on the acquisition mentioned above. As of 31 December 2014 the NMV of the Groups portfolio was €582.6 million (2013: €501.2 million).
- Towards the end of the reporting period the Company successfully refinanced its main debt facility resulting in a NAV uplift of €13.5 million. The debt facility in the amount of €268 million has been replaced with a new seven year debt facility of €240 million provided by two German Banks.
- Summit’s active asset management throughout the year improved the performance of the Group’s portfolio contributing almost €15 million to the increase in NAV. Through intensive letting and re-letting activities we succeeded in reaching an occupancy rate of 90.4% across the majority of the portfolio and 87.4% across the whole portfolio, compared to 85.6% following the acquisition of the 11 properties mentioned above.

In February 2014, the Company completed successfully a placing of shares and Admission to trading on the AIM market of the London Stock Exchange raising €35 million by issuing 54,971,291 new shares at a share price of 63c.

Since the year end, in February 2015 we have completed successfully a second fund raising of €120 million through placing of shares on the AIM market, issuing 171,428,571 new shares at a share price of 70c.

Improving Cash Flow

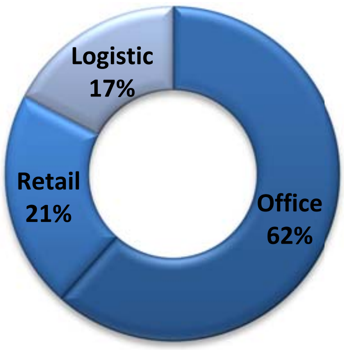
Operations:
In 2014 we signed new lease agreements for 66,804 sqm and renewed existing lease agreements for an additional 118,342 sqm worth a total of €12 million in rental income. The occupancy rate across the majority of the Group's portfolio reached 90.4%.

Our active marketing approach led to an increase of 7% in the rent per sqm over the Group's portfolio. The rental income for 2014 presented in the Group's Profit and Loss Statement included only a partial period for the acquired portfolio and some of the current lease agreements and amounted to €43.4 million. By annual consideration, the Group's portfolio generates €47.1 million of rental income, reflecting 3.7% increase on like for like basis (2013: €45.4 million).

In addition, we are currently in advanced stages of negotiations for additional lease agreements with a total worth of €0.8 million of rental income. Taking into consideration total worth of €0.2 million of rental income, which is about to expire, the expected annual rent is €47.7 million which is 5.17% higher than the like for like rent.

Our strong performance throughout the year was further reflected in the increase of the Net Operating Income ("NOI"), which amounted to €39.8 million (2013: €36.8 million). The FFO per share amounted to 4.8 cent as of year-end (2013: 4.2 cent on comparable basis).

NOI by use



FFO per share as of 31 December 2014

	€ million
Gross profit	39.8
G&A expenses	6.3
Interest expenses	20.0
Interest income	-
FFO	13.6
Weighted ave. amount of shares	286
FFO per share (cents)	4.8

Financing:

In the last quarter of 2014 the legacy swaps of previous financings finally expired resulting in an annual €7 million decrease in future interest expenses and a similar increase in future cash flow.

In addition, we refinanced the Group's main credit facility of €268 million with a new seven year term loan provided by two German Banks. Due to the refinancing we have extended the duration of the Group's debt while fixing a low interest rate over the next seven years. The new interest rate of 3.14% is 0.76% lower than the previous rate and further contributes to the increase in the Group's cash flow by saving interest expense of ca. €1.8 million per annum.

Setting the goal of further decreasing the Group's interest expenses, Summit has resolved in 2014 to exercise an option granted by Summit Israel, its parent company, for an early repayment of its ca. €50 million shareholders loan, which bears an annual coupon of 9.5%. The repayment of the shareholders loan after the end of the reporting period results in further interest savings of €4.75 million per annum and an additional positive impact on the Group's net cash flows. Part of the proceeds for the repayment of the shareholders loan came from new financing of €30 million for the acquired portfolio in March 2015.

The Company continues to benefit from the current increasing demand in the residential market in Berlin through its joint venture ("JV") in residential development. While marketing of the third project is due to commence during the second quarter of 2015, the JV has already obtained sales of 96% in the first project and 33% in the second project.

Dividends

Since listing on AIM, the Company has paid quarterly dividends at growing rates of 0.50 cents for Q1 2014, 0.55 cents for Q2 2014 and 0.6 cents for Q3 2014. As a result of the events described above, the Company's improved cash flows in the last quarter of 2014 enabled it to increase its dividend rate and to distribute a dividend of 1.2c per share for Q4. This dividend is reflecting an annual yield of 7.6% on the amount of shares following the IPO and on the IPO share price of 63 cents. The payment of the Q4 2014 dividend took place after the end of the reporting period. In total, the Company distributed dividends of 2.85c per share for the year ended 31 December 2014 reflecting annual yield of 5.42% on the IPO share price.

The improvement in the cash flows generated by the Group's current portfolio provides stable means to keep its targeted above 7% dividend yield on its IPO share price of 63 cents, before the Admission of further shares in February 2015.

Pipeline

Following the Company's second equity placing on AIM at the beginning of 2015, the Group currently holds approximately €90 million of liquid funds available for immediate investments. The Company has a substantial pipeline of potential acquisitions, of which €100 million is at agreed prices with sellers and €150 million is in various stages of discussions. Although there is no guarantee that such negotiation will be completed, we believe that part of these transactions will be completed in the coming months.

The Board is confident that the Group's strong management platform enables the Group to progress efficiently towards the full deployment of the available funds in acquisitions which will be accretive to the Group's cash flow. Together with the stable base of the Group's existing strongly performing portfolio, the Group is well positioned in the positively trending German real estate market, to continue to achieve an attractive and growing divided yield for its investors.

Our business

Summit Germany is a German commercial real estate company, with a portfolio of quality properties mainly focused in Germany's key commercial centres. We aim to grow our sizeable portfolio through acquiring undervalued properties and portfolios, and enhancing their value through active management. Our internal management team has over 10 years' experience investing in high yielding properties across Germany. Our major objective is to drive up the capital values of our properties, and in turn generate attractive dividend yields for our shareholders.

Our strategy is to acquire high yielding German commercial assets, primarily from distressed vendors and banks:

Focusing on quality buildings in established locations, with:

- Long term stable income
- High positive yield gaps (currently approx. 5%)
- Low capital values, below their replacement cost
- Sustainable growing cash flow to deliver an attractive dividend yield
- Substantial upside potential for rent and capital value increase through growth of the German property market

We maximise value via:

- Pro-active asset management with strong local on-site management
- Reducing vacancy rate by letting, redevelopment and/ or conversion to residential use

Our strategy is achieved by being well positioned to take advantages of various situations in the market. Using our strategic contacts, we evaluate the potential investments assessing their potential yield and capital growth. We look for opportunistic investments which, via intensive asset management, can improve occupancy rates or rezoning which leads to strong cash flow and increasing capital growth for shareholders.

The Board monitors Key Performance Indicators ("KPIs") as set out below to review the Group's performance in meeting its Strategic Objectives.

Key Performance Indicators ("KPIs")

Objective: To maximise long term stable income

Metric

- Continue to grow rent roll.
- Maintain weighted average lease term.
- Retention rate which reflects the Group's strong relationship with the tenants and their satisfaction with the leased space.

Performance

- During the year we increased the rental income by 5.17% on a Like-for-Like ("LFL") basis. The portfolio generates rental income of €47.1 million (2013: €45.4 million on like-for-like basis).
- Rent per sqm has increased by 7% due to fixed rental uplifts integrated in the new lease agreements and new lettings at improved rate.
- Weighted average lease length of 4 years.
- Retention rate of 80%.

Objective: To deliver sustainable long-term shareholder value and returns

Metric

- Sustained growth in Earning per Share (EPS).
- Growth in EPRA NAV per share.
- Dividend distribution.

Performance

- EPS has almost tripled to a level of 23.7c (2013: 8.1c).
- EPRA NAV per share increased by 24% to 87c (31 December 2013: 70c).
- Quarterly dividend payments amounting to 2.85c per share for 2014 reflecting an annual yield of 5.42% on the IPO share price.

Objective: To manage our balance sheet effectively

Metric

- Maintain the longevity of debt facilities.
- Maintain an appropriate balance between debt and equity within covenanted levels.

Performance

- Refinancing of the main debt facility of €268 million in 2014 and additional refinancing of €33 million at the beginning of 2015 both for seven years term.
- LTV net of cash at 46% well within current and future covenants (2013: 63%).
- Further securing low interest rates for a long term period.
- Obtaining a relief from the obligation for the disposal of properties under the previous financing agreement.

- Average maturity of debt facilities extended to 6.6 years (2013: 4.3 years).
- Equity issue in February 2014 raised gross proceeds of €35 million. Equity issue in February 2015 raised gross proceeds of €120 million.

Significant transactions

Admission to AIM

In December 2013 the Company resolved to admit its shares to trading on the AIM market of the London Stock exchange ("LSE"). The process completed successfully on February 26, 2014 when the placing took place and further 54,971,291 new ordinary shares were issued at a price of 63c. The gross proceeds amounted to €35 million.

On February 2, 2015 the Company completed its second fund raising on AIM of 171,428,571 new ordinary shares issued at a price of 70c. The gross proceeds amounted to €120 million.

The Company was an authorised closed ended investment scheme registered under The Protection of Investors Law (Bailiwick of Guernsey) 1987. In December 2013, the Company's shareholders approved the Board's recommendation to apply to the Guernsey Financial Services Commission (the "GFSC") for consent to de-register as an authorised closed ended investment scheme under The Protection of Investors Law (Bailiwick of Guernsey) 1987. This request was approved by the GFSC on January 21, 2014.

Loan acquisition

In April 2014, following the admission to AIM, the Group completed the purchase of a loan facility on a portfolio of 11, previously owned, commercial properties in Germany. The total cost of the acquisition was approximately €46 million excluding deal expenses, while the loan facility has a face value of €73.5 million.

On acquisition of the loan facility, Summit regained full control over the properties and has consolidated them since the second quarter of 2014. As a result, the Group's equity has increased by approximately €28 million. The share of the acquired portfolio in the annual rental income for the period ending 31 December 2014 amounted to €4.6 million.

The portfolio comprises mainly office properties throughout Germany with an aggregate Net Lettable Area of 90,000 sqm. At the time of the acquisition it had an occupancy rate of 71% and an aggregate Net Annual Rent of approximately €6.3 million, reflecting a gross rental yield of 13.7% on the acquisition cost. Since acquisition, the Company improved the performance of the portfolio reaching an occupancy rate of 81% and an aggregate Net Annual Rent of approximately €6.8 million, reflecting a gross rental yield of 14.9% on the acquisition costs.

The acquisition, which was made without external financing, was refinanced after the end of the reporting period by a debt facility of €33 million provided by a German Bank for nine of the eleven properties for a period of seven years at a fixed interest rate of 1.96%.

Refinancing of major debt

Following the refinancing transaction in 2013 and the extension of the Group's major debt for a further five years, the Group further stabilized its long term debt by the refinancing of a €268 million facility provided previously by the Royal Bank of Scotland ("RBS") replacing it with a €240 million debt facility provided jointly by two German Banks with a loan duration of seven years at an amortisation rate of 3%.

The net result of this transaction was an increase in NAV of €13.5 million.

As part of the refinancing transaction, the Group entered into new hedging arrangements for the remaining life of the new loans taking advantage of the market's low interest environment for fixing a low interest rate over the long term. The total interest cost (margin and hedging swaps) equates to approx. 3.14% per annum compared to the 3.9% per annum in the remaining term of the previous RBS financing, reflecting saving of almost €2 million per annum of interest costs.

The terms and covenants of the new debt facility are described in note 7 in the Group's financial statements. As of the date of this report the Group is in compliance with all covenants.

The refinancing has extended the duration of the Company's major debt to almost seven years and has secured a well-priced facility over the long term.

Residential projects

A subsidiary of the Group has an agreement to provide funding for three residential projects in Berlin up to a sum of €6.2 million for 15% interest plus a share in the projects' profits. The loans and accrued interest are repayable from the revenues of the projects, no later than May 2016. Up to the 31 December 2014, the Group provided the above funding at its maximum amount and accrued the relating interest so that at the end of the reporting period the amounts receivable are €7 million.

The projects are in different stages of development. While marketing of the third project is about to begin during the second quarter of 2015, the JV has already obtained sales of 96% in the first project and 33% in the second project. The Group is currently negotiating to acquire land sites for additional residential developments in Berlin.

Further refinancing - post balance sheet event

In the first quarter of 2015 the Group has completed the refinancing of nine out of the eleven properties acquired in April 2014.

The new seven year loan facility amounting to €33 million, of which €2.5 million are subject to the future extension of certain leases, has been provided by a German Bank at an amortisation rate of 2.9% and a fixed interest rate of 1.96%, further securing over the long term the low fixed interest rate on the Group's external debt.

Repayment of shareholders loan - post balance sheet event

As of 31 December 2014 the Company had a ca. €44.5 million loan from Summit Israel, its parent company, which bore an annual coupon of 9.5%. This loan was backed by a listed bond with mirror terms issued by Summit Israel on the Tel Aviv stock exchange. While the mirror listed bonds trade at a 20% premium, Summit Israel granted the Company a three month option expiring on 28 February 2015 for an early repayment of the loan at a 10% premium (ca. €48.9 million). The Company resolved to exercise the option. The repayment of the shareholders loan took place on 1 April 2015 resulting in interest savings of €4.75 million per annum.

Asset management achievements

Asset management platform

Our 50 strong asset management team performed well last year, delivering 237 new leases and renewals with a related annual net rent of €12 million (2013: €9.5 million). The team, based in Berlin and Frankfurt, takes care of both property maintenance and marketing of the vacant units and lease renewals. We work hard to strengthen our relationships with tenants. This has been proven by a renewal rate of 80%.

The team have the skills and experience to meet the tenants' needs, as well as the maintenance of the properties with capacity to absorb new acquisitions and manage them from day one.

Occupancy

During 2014 we have signed new lease agreements for 66,804 sqm and renewed existing lease agreements for additional 118,342 sqm resulting in an occupancy rate of 90.4% over the majority of the Group's portfolio. The occupancy rate across the Group's whole portfolio was 87.4% at the end of the reporting period, compared to 85.6% after the acquisition of the eleven properties in April 2014.

Property Disposals

- In March 2014, the Group sold its 50% participation in a property in Berlin for €1.1 million at a 53% premium to December 2013 book value. The sale reflects 5.2% exit yield and overall profit of approximately €600,000 over December 2013 book value. The sale was completed during the reporting period.
- After the end of the reporting period, the Company completed the disposal of two properties for €1.8 million at a sale price reflecting their book value.

Property Portfolio

The portfolio generates net rent of €47.1 million per annum linked to CPI or with fixed rent uplifts. It comprises net lettable area of approx. 730,000 sqm on approx. 1,200,000 sqm of land with a yield of 8.1% generated from 95 properties with approx. 600 tenants. The current occupancy rate across the portfolio is 87.4%. The annual net rental income of the portfolio on full occupancy is estimated at €54 million, which would reflect a yield of 9.2% on current book value.

Type	No. of Assets	Land Size (sqm'000)	Lettable (sqm'000)	Vacant (sqm'000)	Net Rent (€'mm)	Rent/sqm/ month	Capital Value (€/sqm)	Yield (%)
Office	42	395	375	68	29.4	8.0	1,026	7.6%
Retail	36	234	93	8	8.0	7.9	903	9.5%
Logistic	17	540	257	15	9.7	3.3	441	8.6%
Total	**95**	**1,169**	**726**	**91**	**47.1**	**6.2**	**803**	**8.1%**

The current portfolio was acquired in 2006-7 with 80% of the income deriving from strong tenants. The portfolio is multi-let, with no dependency on key tenants and a retention rate of 80%. The average monthly rental income varies between the properties within the portfolio as presented in the following table:

	Office		Logistic		Retail	
	2014	2013	2014	2013	2014	2013
€/sqm/month	8.0	7.5	3.3	3.4	7.9	8.7
Range in €	(3.5-21.6)	(3.5-20.9)	(2.3-15.7)	(2.2-15.7)	(3.9-25.7)	(3.5-25.7)

Geographically, half of the portfolio's income is derived from the three major cities, Berlin (21%), Hamburg (15%) and Frankfurt (14%) with a further 10% in Cologne, Dusseldorf, Stuttgart and Munich. 80% of the lettable area is in former West Germany. The largest 10 properties account for 40% of the portfolio's income.

As of 31 December 2014, the NMV of the portfolio was €582.6 million (2013: €501.2 million), as set in the table below:

As of 31 December 2014				As of 31 December 2013			
Office	Logistic	Retail	Total	Office	Logistic	Retail	Total
385.1	113.3	84.2	582.6	310.8	112.5	77.9	501.2
66%	**19%**	**15%**	**100%**	**62%**	**22%**	**16%**	**100%**

Finance

Shares and Equity

Net assets attributable to equity shareholders at 31 December 2014 were €245 million (2013: €153 million). The net profit contributed €68 million to the increase (2013: €22 million) of net assets thereof.

Following the admission to AIM in February 2014 54,971,291 new ordinary shares were issued raising gross proceeds of €35 million. As a result, there are 293,971,291 shares as of the end of the reporting period (2013: 239 million).

At the beginning of 2015 an additional 171,428,571 new ordinary shares were issued by a way of placing raising gross proceeds of €120 million. As a result, there are 465,399,862 ordinary shares as of the date of signing this report.

Loan to Value

The Group's goal to further reduce gearing proved to be achieved during 2014 as net bank debt decreased by €36.9 million during the year to €276.6 million as of 31 December 2014 (2013: €313.5 million).

Bank debt to property value ("LTV") decreased during 2014 to 46% net of cash (2013: 63%) and the increase in the Group's NAV during 2014 led to an increase of the Group's equity ratio to total debt to 76% compared to 43% at 31 December 2013.

Funding

At 31 December 2014, the Group had total bank facilities of €276.6 million (2013: €313.5 million) with weighted average debt maturity of 6.6 years (2013: 4.3 years), all of which were fully drawn. Cash resources at the year-end were €9.7 million (2013: €24.2 million).

During the last quarter of the year the legacy swaps that the Group had in place at the time of listing on AIM expired, reducing the interest rate on the Group's main debt and increasing the Group's cash flow by ca. €7 million in annual terms.

Shortly before year-end the Group refinanced its major debt facility of €268 million previously provided by the Royal Bank of Scotland ("RBS") replacing it with a €240 million debt facility provided jointly by two German Banks with a loan duration of seven years at an average amortisation rate of 3%. The uncovered loan difference of €33 million between the RBS debt and the new debt (net of costs) has been acquired by the Group resulting in an increase of the Company's NAV by €13.5 million.

In order to secure the well-priced facility over the long term, the Group entered into hedging arrangements for the remaining life of the new loans. As a result, the total interest cost (margin and hedging swaps) equates to ca. 3.14% per annum compared to the 3.9% per annum over the remaining term of the previous RBS financing. The decrease in the interest rate reflects annual interest savings of €1.8 million.

The refinancing extended the duration of the Group's major debt to almost seven years and released the Group from its obligation under the previous financing to dispose or refinance several properties over a defined period of time.

The terms and covenants of the new debt facility are described in note 7 in the Group financial statements. As of the date of this report the Group is in compliance with all covenants.

Subsequent events

In February 2015, the Company successfully completed a placing of shares on the AIM market of the London Stock Exchange issuing 171,428,571 new shares at a share price of 70c resulting in gross proceeds of €120 million.

After the end of the reporting period, the Group successfully refinanced nine of the eleven properties acquired in April 2014. The new seven year loan facility amounting to €33 million, of which €2.5 million are subject to the future extension of certain leases, has been provided by a German bank at an amortisation rate of 3% and a fixed interest rate of 1.96%, further securing over the long term the low fixed interest rate on the Group's external debt.

Following the placing and the completion of the refinancing the Company has exercised the option for an early repayment of its €50 million shareholders loan from Summit Israel, which bears an annual interest rate of 9.5% and completely repaid it as of the end of the first quarter of 2015. The repayment will result in interest savings of ca. €4.75 per annum and further positive impact on the Group's net cash flow.

Bank Credit Facilities as at 31 December 2014

An analysis of the Group's bank loan facilities is set out below.

Credit	Financing Date		Loan Amount		Amortis	Market Value	Loan to Value		Rent to Debt		ICR / DSCR Ratio		WAULT Ratio	
Facility	Start	Maturity	(€mn)	Interest	ation	(€mn)	Covenant	Actual	Covenant	Actual	Covenant	Actual	Covenant	Actual
1	12.2014	12.2021	88	3.14%	2.00%	183	70%	48.0%	7.7	5.9	NR	NR	3.0	4.4
2	12.2014	12.2021	152	3.14%	2.00%	263	75%	57.8%	8.4	7.8	NR	NR	3.0	4.2
3	11.2013	11.2018	23	2.66%	2.00%	34	75%	67.0%	NR	NR	145%	159%	NR	NR
4	10.2012	12.2021	5	e+1.75%	3.00%	11	NR	46.3%	NR	NR	125%	265%	NR	NR
3	10.2012	02.2019	11	e+1.75%	2.65%	15	NR	74.5%	NR	NR	125%	214%	NR	NR
Other			2			0	NR	NR	NR	NR	NR	NR	NR	NR
Unpledged Properties			0			77								
			281			**584**		**48.1%**						

The German market

Germany is the fourth largest economy in the world and is considered to be the largest economy in Europe because of its size and strength.

The Gross Domestic Product of Germany grew by 1.6% in 2014 compared to the previous year as Germany managed to lower its unemployment rate from 5.1% in 2013 to 4.8% in 2014. The German economic stability in 2014 positively affected tenants demand for spaces and their willingness to commit to long term leases.

The decline in the value of the Euro against the US Dollar in combination with low interest rate have increased the transaction volume in the real estate market in 2014 especially due to institutional investors seeking to generate adequate returns.
The fragility of the European economy due to conflicts and the discussions over Greece’s possible exit from the European zone have highlighted the solid economy of Germany, further stabilising its position as the dominant and main player in Europe and making investment in Germany getting even more attractive.

As a result, in 2014, the German property market witnessed new real estate investments of € 39.84 billion, reflecting an increase of 31% or €9.44 billion more than in 2013. €17 billion of which (approx. 45%) were invested in office properties (an increase of 30% from 2013) and € 8.8 billion in retail properties. As a result of the increasing demand, the average yields in the office segment slightly fell to 4.45% compared to 4.67% in 2013.

The 2013 investment trends towards prime properties in prime locations have somewhat diversified in 2014 as more investors were prepared to invest in lower quality properties in less central locations. The top main cities (Berlin, Düsseldorf, Frankfurt, Hamburg, Munich) however, remained still favourable accounting for 50% of the total transaction volume in the German real estate market.
In 2014, foreign capital invested almost twice as much, at more than €18 billion, in German commercial properties as in 2013. However, the share of the total volume, at 46%, is still well below the highs of 2005 to 2008.

With the fourth quarter of 2014 being recorded as being the third highest quarterly investment volume on the last ten years, it is to be expected that the transaction volume in the German real estate market will further increase in 2015, mainly due to increasing demand for German real estate and the competition among credit providers.

Outlook

The Company's activities throughout 2014 comprised significant steps in the Company's goal to continue to deliver an enhanced value to its shareholders.

With the spotlight on strong internal asset management and an active marketing approach, Summit made it possible to further improve its portfolio's stable and diverse rental income while increasing occupancy and duration of leases.
The management's focus on identifying and maximising market opportunities has paid off as Summit accomplished the refinance of its debt, taking advantage of the low interest market environment to secure the Company's debt over the long term while significantly enhancing the Company's NAV and cash flows.

We are confident that Summit's efforts in improving its stable existing portfolio while creating a firm management platform which is capable of handling an expanding portfolio has positioned the Company well towards its targeted expansion.

With no forecast for change in the extremely low interest rates and with Germany being the strongest economy in Europe, we believe that the German market is the most attractive real estate market in Europe. We expect the ever growing appetite for German real estate to continue pushing prices up and limiting investment opportunities. Against this backdrop we will maintain a disciplined approach to acquisitions.

We believe that there are still good opportunities in the German market from which Summit can benefit and that the placing at AIM at the beginning of 2015 will enable our professional management team to realise successfully Summit's expansion plan.

Harry Hyman	Zohar Levy
Chairman	Managing Director

Frankfurt Westerbachstr 47

Report of the Directors

28 April 2015

Report of the Directors

The Directors of Summit are pleased to submit the Audited Consolidated Financial Statements of the Group for the year ended 31 December 2014.

The Company

The Company was incorporated and registered in Guernsey on 19 April 2006.
The Group owns, enhances and operates commercial real estate assets in Germany including office buildings, logistic centres and others, which are leased to numerous commercial and industrial tenants. The Group invests primarily in such properties that provide substantial income flows and potential for value increase through asset management. The Group does not acquire properties for speculative purposes.

The Company was an authorised closed ended investment scheme registered under The Protection of Investors Law (Bailiwick of Guernsey) 1987. In December 2013, the Company's shareholders had approved to apply to the Guernsey Financial Services Commission (the "GFSC") for consent to de-register as an authorised closed ended investment scheme under The Protection of Investors Law (Bailiwick of Guernsey) 1987. This request was approved by the GFSC on 21 January 2014.

In December 2013 the Company resolved to admit its shares to trading on the AIM market of the London Stock exchange ("LSE"). The process successfully completed on February 26, 2014 when the placing took place and further 54,971,291 new ordinary shares were issued at a price of 63c. The gross proceeds amounted to €35 million. On 2 February 2015 the Company completed a further fund raising of 171,428,571 new ordinary shares issued at a price of 70c. The gross proceeds amounted to €120 million.

Results

The results for the year are shown in the Consolidated Statements of Comprehensive income on page 5. The Group recorded a profit for the year attributable to Ordinary Shareholders of €68 million, representing an EPS of 23.7c per Ordinary Share (2013: €22 million, 8.1c per Ordinary Share).

At the year end the Group had net assets of €255 million (2013: €160.1 million), of which €244.7 million (2013: €152.8 million) was attributable to Ordinary Shareholders, equating to 83c per Ordinary Share (2013: 64c).
Further details on the Group results are described in the Chairman's and Managing Director's reports.

Directors' and Other Interests

The following Directors, including persons connected with them, held the following number of Ordinary Shares:

	At 31 December 2014		*Immediately following Admission*	
	Ordinary Shares		**Ordinary Shares**	
	Number	**% of issued Share Capital**	**Number**	**% of issued Share Capital**
Zohar Levy [1]	141,966,000	48.30%	141,966,000	48.30%
Sharon Marckado Erez [2]	-	-	-	-
Itay Braun[3]	-	-		
Quentin Spicer[4]	59,040	0.02%	59,040	0.02%
Tim Parkes[5]	-	-	-	-
Harry Hyman[6]	100,000	0.03%	80,000	0.03%
Christopher Spencer[7]	-	-		

1 The shares are held by Summit Real Estate Holdings Limited through its wholly owned subsidiaries (Unifinter Administratiekantoor B.V. (Netherlands) and Summit Real Estate GmbH & Co. Dortmund K.G. (Germany)).

2 Appointed 14 February 2014, resigned on 31 October 2014

3 Appointed on 1 November 2015

4 Appointed 14 February 2014

5 Resigned on 31 December 2014

6 Appointed 14 February 2014

7 Appointed on 1 January 2015

Summit Management Co S.A. ("SMC"), a Swiss company controlled by Zohar Levy, has provided portfolio management services to the Group since May 2006. Sharon Marckado Erez, the former Finance Director, is employed by SMC. For more details on the contract please see note 13 to the financial statements.

Management

Under the initial management agreement which was in effect during part the reported period, SMC was entitled to annual basic management fee of 0.5% of the aggregate value of the assets under management. The initial agreement was for a 10 years term.

The management agreement was amended on 14 February 2014 in preparation for the Admission.

Accordingly, SMC is responsible for providing certain public company services and advisory services to the Group, including the provision of the Group's Managing Director and Finance Director.

SMC, from the date of Admission, receives an advisory fee equal to €750,000 per annum, payable quarterly, plus the potential to receive a bonus of up to €750,000 per annum depending on certain performance criteria, which will cover the salaries of the Managing Director and Finance Director, if relevant, together with certain administrative and other costs of the Company.

The annual bonus may be payable in each accounting year of up to €750,000 ("Maximum Bonus") based on hurdles to be determined by the Remuneration and Nomination Committee of the Company, save that in respect of the accounting year ending 31 December 2014 the bonus shall be payable if the Company's Funds From Operations ("FFO") is equal to or greater than 112% of the FFO for the year ended 31 December 2013 ("Base FFO").

Where the Company's FFO in the accounting year ending 31 December 2014 is above the Base FFO but less than 112% of the Base FFO, SMC shall be entitled to an amount equal to the pro-rata proportion of the Maximum Bonus. Any Bonus which SMC is entitled to receive in any relevant accounting year shall be reduced by an amount equal to any carried interest amount paid to SMC pursuant to the articles of incorporation of Summit Finance Ltd ("SFL") in respect of the same accounting year, provided that any Bonus shall not be reduced to less than zero.

As for the year ended 31 December 2014 the FFO criteria was met and under a conservative approach the Group included a provision for a performance-based bonus of €750,000 in the amounts due to related parties, though the entitlement itself has now been ratified by the Remuneration and Nomination Committee.

The articles of incorporation of SFL (“SFL Articles”) contain certain provisions which relate to SMC’s carried interest entitlement in respect of their services provided under the initial Portfolio Management Agreement from 2006.

SMC holds special B shares in Summit Finance Limited which will give it the right to receive a carried interest if the Company distributes a cash return on shareholders' equity of at least 8% in any financial year ("the Hurdle"). SMC will be entitled to receive 25% of the cash return in that year in excess of the Hurdle after deducting the carried interest entitlement. If the Company has not achieved a cash return on shareholders' equity of at least 8% in any previous year ("a Shortfall"), the carried interest will not be paid until the Shortfall has been made up. Where such fees arise, they are charged to the consolidated statement of comprehensive income. No amounts were ever due in respect of aforementioned. As of 31 December 2014, the Shortfall is approximately €168.6 million. Therefore, the likelihood that SMC would be entitled to receive any carried interest is extremely low.

SFL articles were amended so SMC's entitlement to receive any carried interest payable is by virtue of its ownership of B shares in SFL. The SFL Articles and the amended Portfolio Management Agreement provide that the B shares may be held by whoever is the appointed asset manager under the Portfolio Management Agreement or any other asset or portfolio management agreement to which the Company is a party from time to time.

Going Concern and financing development

As at 31 December 2014, the Group's bank borrowings amounted to €276.6 million (in 2013: €313.5 million). The decrease in the bank borrowings from 31 December 2013 to the balance sheet date resulted mainly from the transaction described below.

Shortly before year-end the Group refinanced it major debt facility of €268 million previously provided by the Royal Bank of Scotland ("RBS") with a €240 million debt facility provided jointly by two German banks with a loan duration of seven years at an amortisation rate of 3%. The net result of this transaction was an increase in NAV of €13.5 million.

In order to secure the well-priced facility over the long term, the Group entered into hedging arrangements for the remaining life of the new loans. As a result, the total interest cost (margin and hedging swaps) equates to approx. 3.14% per annum compared to the 3.9% per annum in the remaining term of the previous RBS financing. The refinancing prolonged of the Group's debt duration to almost seven years. The decrease in the interest rate which reflects annual interest savings of €1.8 million further strengthen the Group's working capital.

The terms and covenants of the new debt facility are described in note 9 in Group financial statements. As of the date of this report the Group is in compliance with all covenants.

In December 2013 the Company resolved to admit its shares to trading on the AIM market of the LSE. The process successfully completed on 26 February 2014 with the placing and issuance of further 54,971,291 new ordinary shares at a price of 63c. The gross proceeds amounted to €35 million.

In April 2014 the Company acquired €73.5 million loan facility which was under breach of covenants for total acquisition costs of approx. €45 million excluding deal expenses, resulting in an NAV increase of approx. €28 million. Following the acquisition, the company regained control over eleven properties with a total of 90,000 sqm. Further details on this acquisition are described in note 5D to the financial statements.

After the end of the reporting period the Group has completed the refinancing of 9 out of the eleven properties with a new seven year loan facility amounting to €33 million which has been provided by a German bank at an amortisation rate of 2.9% and a fixed interest rate of 1.96%.

During the last quarter of the year the legacy swaps that the Group had in place at the time of listing to AIM expired, reducing the interest rate on the Company's main debt and increasing the Company's cash flow by ca. €7 million in annual terms.

During the reporting period the Group disposed its 50% participation in a property in Berlin for €1.1 million at a 53% premium to December 2013 book value. The sale reflects 5.2% exit yield and overall profit of approx. €600,000 over December 2013 book value.

On 2 February 2015 the Company completed its second fund raising at AIM of 171,428,571 new ordinary shares issued at a price of 70c. The gross proceeds amounted to €120 million.

The Group's property portfolio continues to generate a positive and stable cash flow that enables the Group to meet all of its obligations. Management constantly reviews the covenants ahead and based on management assumption the Group expects to comply with all of its covenants in the near and medium future.

The Directors and management monitor the Group's position in light of the market indicators, on an ongoing basis. The Directors believe the Group benefits from solid ground to continue its activity to enhance value.

After careful consideration of all of the above factors, the Board has concluded that it is appropriate to prepare the consolidated financial statements on the going concern basis.

Litigation

The Company is not engaged in any litigation or claim of material importance, nor, so far as the Directors are aware, is any litigation or claim of material importance pending or threatened against the Company.

Board of directors

The Board currently comprises five members, three of whom are independent non-executive Directors.

On 14 February 2014 several changes to the Board of Directors took place. Harry Hyman was appointed as Chairman to lead Summit as a publicly traded Company and Quentin Spicer joined the Board as a non-executive director. Chris Trudgeon resigned from the Board of Directors. Following the revision of the management agreement at admission, Zohar Levy was appointed as Managing Director and Sharon Marckado Erez as Finance Director.

On October 31, 2014 Sharon Marckado Erez resigned from the Board of directors and Itay Braun was appointed on November 1, 2014 to replace her as Finance Director. We wish to thank Sharon Marckado Erez for her significant contribution throughout the years.

On 31 December 2014 Tim Parkes stepped down as a Non-Executive Director of the Company and Christopher Spencer was appointed on 1 January 2015 to replace him. Christopher Spencer has also been appointed as Chairman of the Company's Audit Committee. We wish to thank Tim Parkes for the rewarding period he has served the company.

For further information on Board composition as well as Board responsibilities please see the Chairman's governance report.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- To make an assessment of the Group's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group’s website. Legislation in Guernsey and the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of Information to the Auditor

The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are aware, there is no relevant audit information of which the Company’s auditor is unaware and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company’s auditor is aware of that information.
This information is given and should be interpreted in accordance with the provisions of section 249 of The Companies (Guernsey) Law, 2008, as amended.

Auditor

Deloitte LLP has expressed its willingness to continue to act as Auditor to the Company and a resolution for its re-appointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on its behalf on 28 April 2015.

Zohar Levy	Harry Hyman
Managing Director	Chairman

Carrée Seestraße GbR, Berlin

Chairman’s Governance Report

Chairman's Governance Report

Upon admission, the Board resolved to comply with the Quoted Companies Alliance ("QCA") Corporate Governance Code (the Code). The Board believes that a strong system of governance is essential to help the business run smoothly and aid effective decision making in order to support the achievement of the Group's objectives.

It is the Board's view that the Group has been fully compliant since admission with the relevant provisions of the Code.

Further information on the Code can be found on the QCA's website at www.theqca.com

The board of directors also established processes and procedures to support its governance among these, the AIM rules compliance policy, an accounting procedures manual and financial closing and reporting policies

Principal Risks and Uncertainties

The Board acknowledges that a sound system of internal control depends on a thorough and regular evaluation of the nature and extent of the risks to which the Group is exposed. The management is experienced in risk evaluation and, in conjunction with the wider executive, risks are considered on a regular basis, typically daily by the management team and more formally at Board meetings. The management team reports to the Board by way of a risk matrix highlighting the significant changes and their implications, and the recommended responses.

The evaluation helps manage and control risks rather than eliminate them. Note 20 provides further detail and quantitative information on the risks faced by the Group.

Please see below the Audit Committee report for further details on the Audit Committee processes to identify and address risks in the Group.

The key risks the Group is exposed to, the measures taken to mitigate them and additional commentary is as follows:

Financial risks:

Risk: **Exposure to interest rate movement**

Impact: Movement in underlying interest rates could adversely affect the Group's profits and cash flows

Mitigation: The Group mitigates its exposure to interest rate movements on floating rate facilities through the use of interest rate swaps and other derivative instruments. In 2014 the Group entered into new hedging arrangements for the remaining life of the new loans fixing a low interest rate over the long term.

Risk: **Limited credit market capacity**

Impact: Without confirmed debt facilities the Group may be unable to meet its commitment to repay or refinance loans.

Mitigation: The Group regularly monitors its cash flow and debt funding requirements in order to ensure that it can meet its liabilities and looks to retain a spread of providers and maturities so that its refinance risk is less concentrated. The Group secured €240 million of debt facilities in 2014 for seven year period and additionally refinanced €33 million for a period of seven years after the closing of the reporting period.

Risk: **Lack of capital resources to support the Group's plans for expansion**

Impact: Without sufficient capital, the Group may become unable to progress investment opportunities as they arise or to counteract the impact of potential falling property values on the Group's balance sheet and finance commitments should property values fall in the future.

Mitigation: Liquidity and gearing are kept under review by the management and the Board. Forward funding commitments are only entered into if supported by committed, available funds. The Company undertook a share placing in February 2014 and February 2015 raising a gross amount of €35 million and €120 million, respectively.

Risk: **Banking facilities include various covenant requirements**

Impact: A failure to meet the facilities covenants could result in possible default or penalties being levied.

Mitigation: In response to this risk the Group regularly monitors its compliance with covenants and addresses any issue that may arise. One of the measures taken is seeking to maintain headroom within its debt facility covenants by maintaining its borrowings at levels below its maximum covenant requirements and retains the flexibility of substituting security or refinancing loans should it need to. Covenants are set on a facility by facility basis.

Property market risks

Risk	**The Group's investment portfolio is concentrated in a single country**
Impact:	Changes in the German economic environment expose the Group to several risks including loss of rental income and increased vacant property costs due to dramatic decrease in demands or devaluation of the portfolio.
Mitigation:	The Board believes these risks are reduced due to the proven relationship the Group has with the tenants which enables it to recognise tenants in difficulties, as well as to anticipate units becoming vacant and to respond immediately. This risk is also reduced due to the diversified tenancy and diversified use in our portfolio. The measures taken against the exposure of tenants default include among others rent deposits or bank guarantees as well as periodically credit analysis when necessary.

Risk	**Exposure to movements in supply and demand of the investment market**
Impact:	Competition within the real estate market will lead to growing demands for real estate investments which may result in rising prices that will challenge the Company's possibilities for purchasing attractive yield properties.
Mitigation:	The Company's internal management team is constantly considering new properties enabling the Company to hold a pipeline of new acquisition opportunities. The Board believes that the risks are reduced due to the Company's strong local management platform and the available funds following the placing, which enables the Company to move fast once a possible deal is identified. This risk is also reduced due to the opportunities arising to the Company in generating higher gains on its disposed properties.

Risk	**Property valuations may fall**
Impact:	Property valuations may fall to such a level that leads the group to breach its borrowing covenants.
Mitigation:	To mitigate this risk the Group makes efforts to get a period of holiday from loan to value covenant when entering new refinancing agreements. The Group also manages its activities so as to always operate within its banking covenant limits and constantly monitors the margins (i.e. fall to breach) that would have to be experienced in order to cause any default.

Taxation risks:

Risk:	**Changes in government legislation**
Impact:	Changes in the government legislation in the jurisdictions the Group is active in may negatively affect the Group which can become chargeable to taxation with a significant impact on performance and strategy.
Mitigation:	The Group monitors any proposals for change in legislation and in regular contact with its tax advisors in this respect in order to be able to respond to any changes in the most efficient way.

The Board

The Board is responsible to shareholders for promoting the long term success of the Group and, in particular, for setting the Group's strategic aims, monitoring management's performance against the strategic aims, setting the Group's risk appetite, ensuring the Group is adequately resourced and ensuring that effective controls are in place in the business. The Board also sets the values and the culture of the Group and has a duty to protect the interests of shareholders.

The specific duties of the Board are clearly set out in its terms of reference which address a wide range of corporate governance issues and lists those items that are specifically reserved for decision by the Board. Matters requiring Board approval include:

- Group strategy and business plans;
- Financial reporting and controls, capital structure and dividend policy;
- Group risk appetite and framework;
- Corporate governance;
- Remuneration policy;
- Significant transactions and expenditure; and
- Other matters

Further information on the Matters Reserved for the Board can be found on the Group's website at www.summitgermany.com

Board composition

Several changes to the Board composition have taken place during 2014. Christopher Trudgeon, Sharon Marckado Erez and Timothy Parkes resigned from the Board of Directors. We would like to thank them for their contribution and commitment to Summit.
On 3 November, 2014 Itay Braun was appointed as Finance Director of the Company and on 1 January 2015 Christopher Spencer was appointed as a non-executive Director and Chairman of the Audit Committee.

Currently the Board comprises two executive directors (Group Managing Director and the Group Finance Director) and three non-executive directors including the Chairman, whom the Board consider to be independent. The selection of Board members was done with comprehensive thinking to create synergy by including experienced persons with different strengths.

The executive directors both have extensive experience in the German real estate market and have a wide range of contacts in the market. The Managing Director has been involved with the Group activity for many years.

The non-executive directors have extensive experience in many other companies and committees and they can contribute this experience to the Board, setting guidelines to improve reporting and communication.

The training needs of each Director are regularly reviewed by the Chairman. Directors are able to receive training or additional information on any specific subject pertinent to their role as a Director that they request or require.

All Directors have access to independent professional advice at the Company's expense, if deemed necessary and subject to clearance by the Chairman.

The Group maintains appropriate insurance cover in respect of any potential legal action against the Company's Directors.

Details of the Directors are set out below:

Harry Abraham Hyman - Independent Non-Executive Chairman

Harry Hyman has over twenty years' experience in fund management and investment in the healthcare and real estate sectors. In 1996 he founded Primary Health Properties PLC, a real estate investment trust listed on the London Stock Exchange with a property portfolio of over £1 billion in the primary healthcare sector, and remains a Managing Director to date. From 2008 to 2010, Harry was the Chairman of the Israel-Britain Business Council, a private sector driven body of approximately 60 business leaders in Israel and the UK who serve as high level trade and investment ambassadors for their respective countries. Prior to founding Primary Health Properties PLC, Harry was Finance Director of Baltic from 1983 to 1994 and has been a non-executive director of a number of investment companies, including Royal London UK Income & Equity Trust PLC. Harry graduated from Christ's College, Cambridge in 1978. He trained at Price Waterhouse as a Trainee Accountant from 1979 to 1983 before qualifying as a Chartered Accountant. He currently holds professional memberships with the Association of Corporate Treasurers, the Corporate Finance Faculty, and is a Fellow of the Institute of Chartered Accountants in England & Wales.

Zohar Levy - Executive Director - Managing Director

Zohar Levy, a CPA, is the controlling shareholder and Chairman of the board of the Summit Group, a group of companies which specialises in investing in office, industrial and commercial properties in Israel and Germany, and in developing, improving and managing such properties. Zohar Levy acquired control of the Summit Group in early 2003 and has since developed its business significantly through debt restructuring, the improvement of its properties by way of lease negotiations and renovations, and the acquisition of numerous office, commercial and industrial properties throughout Israel and Germany. Since Zohar Levy's acquisition of the control of Summit, the scope of its real estate properties has increased significantly, and its gross annual income has increased by more than 1,000 per cent. Prior to his involvement with Summit, Zohar Levy served for a decade as the Chief Financial Officer of the Engel group of real estate companies, which specialises in the development of residential properties and the acquisition and management of commercial properties in Europe and North America.

Itay Braun - Executive Director - Finance Director

Itay Braun, CPA, joined Summit Group in 2014 as the Finance Director of the Company replacing Sharon Marckado Erez. Itay has years of experience in reporting and budgeting, purchase and sale of real estate, internal control procedures and bank relations as well as various financial affairs of real estate portfolios. Until October 2014, he was the director of the Fishman Holdings Germany GmbH in Berlin for eight years. Previously he served as financial advisor in KPMG. Itay has a B.A. in Economics and Accounting (CPA) and M.A. in Legal Studies. He is a resident of Germany.

Quentin Spicer - Independent Non-Executive Director

Quentin Spicer is resident in Guernsey. He qualified as a solicitor with Wedlake Bell in 1968 and became a partner in 1970 and became head of the Property Department. He moved to Guernsey in 1996 to become senior partner in Wedlake Bell Guernsey specialising in United Kingdom property transactions and secured lending for UK and non-UK tax resident entities. He is Chairman of a number of Companies including F&C UK Real Estate Investments Limited, Quintain Guernsey Limited and the Guernsey Housing Association LBG. He is also a non-executive director of several other property funds including Phoenix Spree Deutschland Limited. He was formerly a director of the Company when it was admitted to trading on AIM in 2006 until it was de-listed. He is a member of the Institute of Directors.

Christopher Spencer - Independent Non-Executive Director

Christopher Spencer, a resident of Guernsey, qualified as a chartered accountant in London in 1975. Following two years in Bermuda, he moved to Guernsey. Mr Spencer, who specialised in audit and fiduciary work, was Managing Partner/Director of Pannell Kerr Forster (Guernsey) Limited from 1990 until his retirement in May 2000. Mr. Spencer is a member of the AIC Offshore Committee, a past President of the Guernsey Society of Chartered and Certified Accountants and a past Chairman of the Guernsey Branch of the Institute of Directors. He is also a non-executive director of several other listed companies including John Laing Infrastructure Fund Limited, JP Morgan Private Equity Limited, Real Estate Credit Investments PCC Limited, Ruffer Investment Company Limited, and SQN Asset Finance Income Fund Limited.

For the Non Executives terms of appointment please see the Group website at www.summitgermany.com

Board independence

The appointment of the non-executive directors was subject to a particularly rigorous review of their independence. The current Board composition of 3 non-executive directors out of which one is the Chairman should affect Board discussion and contribute to a resilient independent position.

Description of Roles

Role profiles are in place for the Chairman and Managing Director which clearly set out the duties of each role. The Chairman’s priority is leadership of the Board and ensuring its effectiveness; the Managing Director's priority is the management of the Group. The Board has delegated the day-to-day running of the Group to the Managing Director within certain limits, above which matters must be escalated to the Board for consideration and approval.

The Finance Director reports on a range of issues including financial results and forecasts; capital; operational performance; strategic initiatives; risk appetite, corporate transactions and compliance with loan covenants.

The role of the independent directors is to provide a sounding board for the Chairman and to be available to shareholders should they have concerns that they have been unable to resolve through normal channels, or when such channels would be inappropriate.

Meetings and Attendance

In addition to the Board meetings held during the year, the Board is regularly in touch for consultation by electronic means and met for an off-site strategy meeting and for the AGM. Directors were sometimes unable to attend meetings due to unavoidable business interests, but full Board packs are distributed to all Board members for all meetings and separate discussions were held with, or comments were sought by, the Chairman on all matters of relevance.

During the year, the Board and its Committees held 20 meetings. Throughout the year there are opportunities for the Chairman and Independent Directors to discuss matters without the other Directors being present.

Attendance at scheduled meetings of the Board and its Committees in the 2014 financial year

	Board	Audit Committee	Remuneration and Nomination Committee
Number of meetings during the year	**4**	**3**	**4**
Harry Hyman[1]	4	3	4
Itay Braun[2]	-	N/A	N/A
Zohar Levy	4	N/A	3
Sharon Marckado Erez[3]	3	N/A	N/A
Tim Parkes[4]	4	3	N/A
Christopher Spencer[5]	-	-	-
Quentin Spicer[6]	4	3	4
Christopher Trudgeon[7]	-	-	-

1 Appointed 14 February 2014
2 Appointed 1 November 2014
3 Appointed 14 February 2014 and resigned 31 October 2014
4 Resigned 31 December 2014
5 Appointed 1 January 2015
6 Appointed 14 February 2014
7 Resigned 14 February 2014

In addition to these meetings, 9 ad-hoc board meetings were held during the year.

Board Committees

The following Committees have been established by the Board upon admission in February 2014, and have been granted specific delegated authority to consider certain aspects of the Group's affairs:

- Audit Committee
- Remuneration and Nomination Committee

The Chairmen of the Committees report back to the Board as and when appropriate. Reports from each committee Chairman are included below.

Terms of reference for each committee are available on the Group's website at www.summitgermany.com

Audit Committee Report

The Audit Committee is chaired by Christopher Spencer. He is supported by Harry Hyman and Quentin Spicer both independent non-executive directors.

Christopher Spencer is a qualified chartered accountant and, as can be seen from his biography above, he possesses the recent and relevant commercial knowledge and experience to satisfy the provisions of the Code. The Committee may invite the Managing Director and the Finance Director to attend the meetings as appropriate.

Responsibilities

The Committee has responsibility for safeguarding the shareholders' investment and the Group's value. It has overall responsibility for ensuring that the Group maintains an ongoing system of internal control and risk management, to provide it with reasonable assurance regarding effective and efficient operation, internal financial control and compliance with laws and regulations.

The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports and any other formal announcement relating to its financial performance, reviewing and reporting to the Board on significant financial reporting issues and judgments which they contain having regard to the matter communicated to it by the auditor. The Committee should perform any procedure it find necessary.

The Committee would be making recommendations to the Board on the appointment and dismissal of the external auditor and approving their remuneration and terms of engagement; it would also monitor and review the external auditors' independence, objectivity and effectiveness, taking into account professional and regulatory requirements;

Report on the Committee's activities

The Committee was appointed after the balance sheet date in February 2014. Since than its activity included:

- Reviewing the Group's draft annual financial statements 2013 prior to discussion and approval by the Board, and reviewing the external auditor's reports thereon;
- Reviewing the auditors' plan for the audit of the Group's 2013 financial statements;
- Reviewing the Group's draft half year financial statements 2014 prior to discussion and approval by the Board, and reviewing the external auditor's reports thereon;
- Reviewing the Group's draft annual financial statements 2014 prior to discussion and approval by the Board, and reviewing the external auditor's reports thereon;
- Reviewing the auditors' plan for the audit of the Group's 2014 financial statements;
- Considering the qualifications, expertise, resources and independence of the auditors through reviews of their reports and performance;

- The committee Chairman meeting with the auditors to review the audit plans and progress, accounting processes and to discuss emerging points and early drafts of the financial reports; and
- The committee receiving presentations from the management on the subject of risk, its identification and property portfolio management.

The Audit Committee has reviewed the contents of 2014 annual report and accounts and advised the Board that, in its view, the report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Effectiveness of the external audit process

The effectiveness of the audit process is dependent on appropriate audit risk identification at the start of the audit cycle. The Committee received from Deloitte LLP a detailed audit plan, identifying their assessment of these key risks. For 2014, the primary risks identified were in relation to the valuation of the property portfolio, accounting of the loan acquisition transaction, financing and valuation of financial instruments and going concern. The Board and the management take responsibility for exercising judgment when necessary in preparing the Annual Report and Financial Statements.

They prepare and review papers provided to the Auditors setting our judgments and approaches taken to specific items. The work undertaken by the auditors in this area to test management's assumptions and estimates is challenged by the Audit Committee who assess the effectiveness of the audit process through the reporting received from Deloitte LLP at both half-year and year end.

In addition, the Audit Committee seeks feedback from the management on the effectiveness of the audit process. The Committee is satisfied with the effectiveness of the Auditors.

Significant accounting matters

The Committee considers all financial information published in the Annual and Half-year Financial Statements and considers accounting policies adopted by the Group, presentation and disclosure of financial information and, in particular, the key judgments made in preparing the Financial Statements.

Valuation of the property portfolio

The Group has property assets of €582.6 million as detailed on the Group Balance Sheet. As explained in note 5B to the financial statements, properties are independently valued by external expert in accordance with IAS40: Investment Property. The Audit Committee reviewed and discussed with management the judgments and assumptions made in respect of the property valuation, reviewed the valuer's report, and concluded that the valuation remains appropriate.

Loan acquisition transaction

In April 2014 the Company completed the purchase of a loan facility on a portfolio of eleven, previously owned, commercial properties in Germany. The total cost of the acquisition was approx. €45 million excluding deal expenses, while the loan facility has a face value of €73.5 million. On acquisition of the loan facility, the Company regained full control over the properties and has consolidated them since the second quarter of 2014. As a result, the Group's equity has been increased by approx. €28 million.

The Audit Committee has reviewed the transaction as part of reviewing the Group's draft half year financial statements 2014 and reviewed the external auditor's reports thereon. The Audit Committee discussed with the management the judgments and assumptions concerning the accounting treatment of the transaction (specifically whether the transaction was a business combination or asset acquisition) and concluded that treatment was appropriate.

Financing and valuation of financial instruments

The Group undertook a number of financing transactions during the year. In February 2014 the Group raised €35 million following an equity issue. In December 2014 the Company refinanced its main debt facility of €268 million with a new seven year bank facility of €240 million through a transaction in which the Company gained €13.5 million.

Post balance sheet, the Group raised €120 million following an equity issue. In addition, the Group has been provided by a German bank with a €33 million debt facility to refinance 9 properties.

These transactions served to diversify the Group's funding sources leading to reduced overall risk.

As part of the new financing agreements, the Group has entered new hedging arrangements for the remaining life of the new loans. The Group hedges its exposure to interest rate risks swaps using financial instruments. The Group accounts for these instruments in accordance with IAS39 and makes the additional required disclosures under IFRS 7 'Financial Instruments: Disclosures'. The valuation of the financial instruments is undertaken by J C Rathbone ("JCRA"), an independent specialist in this area.

The Committee has considered and confirmed the Group has complied with the requirements of IFRS13, concerning the measurement of credit risk in the valuation of financial instruments. The Committee received detailed verbal and written reporting from JCRA and accordingly is satisfied that the accounting guidelines have been applied appropriately.

The main accounting issue was to determine the correct treatment for the termination of the old loans and hedging agreements and the recognition of the new loans and hedging agreements.

Internal control

The Audit Committee is responsible for the Group's system of internal control, which has been in operation to the date of this Report, and for reviewing its effectiveness. It believes that the key risks facing the business have been identified and it has implemented an ongoing system to identify, evaluate and manage these risks that is based upon, and relevant to, the Group's business.

The Committee believes key features of the system of internal control include a comprehensive system of financial reporting and business planning, formal documentation procedures and the close involvement of the Managing Director and the Finance Director in all aspects of the day-to- day operations. The scope and quality of the systems of internal controls are monitored and reviewed and regular monitoring reports are provided to the Board. Any incidences of significant control failings or weaknesses that have been identified and the extent to which they have impacted on the Group are reported to the Board and the Board ensure that the management take the necessary actions to remedy those failings or weaknesses immediately.

Nevertheless, the Committee believes that, although robust, the Group's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the Group's business objectives. Therefore the system can provide only reasonable and not absolute assurance against material misstatement or loss.

In preparing the periodic financial reports of the Group, the Committee is reliant on the policies and procedures followed by the Management to ensure that the records accurately reflect transactions so as to facilitate the production of consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") and other applicable reporting standards. In addition, the integrity of the financial reporting and consolidation processes and the completeness and accuracy of financial information are subject to review by the Audit Committee and the Board.

Internal audit

The Audit Committee considers annually the requirement for an internal audit function. The focused nature of the Group's business, its size and simple structure together with the regular review of the processes and performance of the Joint Advisers has led the Committee to recommend to the Board that, at the present time, there is no current requirement for an internal audit function.

Remuneration and Nomination Committee report

The Remuneration Committee meets at least once per year and comprises two Independent Directors being Quentin Spicer (Chairman) and Harry Hyman, and one executive director, Zohar Levy (Managing Director).

Its role is to seek and retain the appropriate caliber of people on the Board and recommend fee levels to the Board consistent with prevailing market conditions, peer group companies and Directors' roles and responsibilities.

The Remuneration and Nomination Committee is responsible to determine and agree with the Board the framework or broad policy for the remuneration of the executive directors, the company secretary, and such others, and to provide recommendations to the Board.

In carrying its duties the Committee considers the likely consequences of any decision in the long term; the interests of the Group's employees; the need to foster the Group's business relationships with suppliers, advisors and others; the impact of the Group's operations on the community and the environment; the desirability of the Group maintaining a reputation for high standards of business conduct; and the need to act fairly as between the members of the Group.

The Committee Chairman reports formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Committee makes whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

Report on the Committee's activities

The Committee was appointed in February 2014, since then the Committee discharged its responsibilities, under its terms of reference, by:

- Reviewing the amended property management agreement, in particular the bonus mechanism for 2014. Following discussions, the Committee recommended the Board to approve the amendment;
- Establishing an appropriate process for the review, management and monitoring of the Group's remuneration policies and nomination criteria; and
- Considering the appointment of Directors.

Board performance and evaluation

The Chairman is responsible for ensuring the annual evaluation of the Board's performance and that of its Committees and individual Directors. This should be done by discussions based on the process and questions outlined in the Code concerning Board and Committee performance and meetings.

As the current Board and committees were appointed in February 2014, an evaluation of their performance will be conducted in 2015.

Board and management remuneration

During the reporting period the Group expensed approximately €170,000 to its directors, and €1,806,000 as management fee.

Directors fees paid for the year ended 31 December 2014 were as follows:

Director	Euros
Harry Hyman	47,916.70
Quentin Spicer	27,813.09
Tim Parkes	36,998.91
Itay Braun	5,000.00
Sharon Marckado Erez*	50,000.00
Zohar Levy*	167,728.70

* Sharon Marckado Erez and Zohar Levy were paid via the management fee paid to Summit Management Company.

Upon admission on February 2014, the Group has agreed on amendment to the management agreement. Further details are provided in Note 15 to the financial statement.

On Admission the Group has established the Long Term Incentive Plan ("LTIP"), under which awards and options over Ordinary Shares may be granted to selected employees of the Group (including directors employed by the Group). The LTIP will be used to recruit, retain and motivate key personnel. The Company adopted a plan on similar terms for the purposes of granting awards and options over Ordinary Shares to directors of the Group who are not also employed by the Group, and consultants providing services to the Group.

Awards and options granted under the LTIP will vest subject to continued employment within the Group over a specified period and, in certain cases, the achievement of performance conditions.
The intention is that all awards and options granted within the 18 month period following Admission will have a vesting period of three years, and any shares acquired must be retained until the second anniversary of the vesting date (provided that participants will be permitted to sell sufficient shares to fund any tax and social security liabilities arising on vesting or exercise and, in the case of options, any exercise price).

Corporate Social Responsibilities

The company management and its board of directors acknowledge the importance of company's impact on society. In this scope, corporate responsibility is considered in the three main areas – transparency, environmental responsibility and responsibility co community.

The shared beliefs of the Group are:
Businesses should support and respect the protection of human rights and ensure that a business is not complicit in human rights abuses – the Group business practices promote equal opportunity for all, providing fair wages and employment terms, and fostering an open dialogue with all of our employees.

Businesses should eliminate all forms of forced and compulsory labor - we are against any and all forms of child labor and compulsory labor, encourage decent employment opportunities and support employees rights at work.

We believe that our businesses should support a precautionary approach to environmental challenges - we encourage the development and diffusion of environmentally friendly technologies.

The responsibility statement has been prepared in connection with the Group's full Annual Report for the year ended 31 December 2014. Certain parts of the Annual Report are not included in this announcement, as described in Note 1.

Responsibility statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

- The Chairman's and the Managing Director's report as well as the Chairman Governance report and Directors report, include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board
Harry Hyman,
Chairman,
28 April 2015

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Group Financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUMMIT GERMANY LIMITED

We have audited the consolidated financial statements of Summit Germany Limited for the year ended 31 December 2014 which comprise the consolidated statements of financial position, the consolidated statements of comprehensive income, the consolidated statements of changes in equity, the consolidated statement of cash flows, and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the consolidated financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Deloitte LLP
Chartered Accountants
St Peter Port, Guernsey
April 28, 2015

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31		2014	2013
	Note	*Euro (in thousands)*	
ASSETS			
NON-CURRENT ASSETS:			
Investment properties	5	582,572	501,154
Other long-term assets	6	10,898	10,054
Derivative financial assets	18	-	407
Deferred tax assets	17	565	690
Total non-current assets		594,035	512,305
CURRENT ASSETS:			
Trade receivables, net	8	2,347	1,777
Prepaid expenses and other current assets	9	4,915	9,060
Receivables from related parties	13	191	271
Investment in marketable securities at fair value through profit or loss	18	1	9,345
Cash and cash equivalents	10	9,736	24,192
Investment property held for sale	5	1,760	-
Total current assets		18,950	44,645
Total assets		612,985	556,950

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31	Note	**2014**	**2013**
		Euro (in thousands)	
EQUITY AND LIABILITIES			
EQUITY:	11		
Share capital		(*) -	(*) -
Distributable reserve		296,643	270,569
Reserves due to transactions with principal shareholder		2,216	2,216
Net unrealized gain reserve		(5,562)	(3,768)
Retained losses		(48,594)	(116,249)
Equity attributable to the owners of the Company		244,703	152,768
Non-controlling interests		10,326	7,363
Total equity		255,029	160,131
NON-CURRENT LIABILITIES:			
Interest-bearing loans and borrowings	7	272,594	307,199
Shareholders' loans	13	36,232	41,920
Other long-term financial liabilities	6	2,220	2,226
Derivative financial liabilities	18	3,969	-
Deferred tax liability	17	6,188	3,396
Total non-current liabilities		321,203	354,741
CURRENT LIABILITIES:			
Interest-bearing loans and borrowings	7	4,007	6,260
Derivative financial liabilities	18	1,086	12,316
Payables to related parties	13	8,438	225
Current tax liabilities		60	4,609
Trade and other payables	14	23,162	18,668
Total current liabilities		36,753	42,078
Total liabilities		357,956	396,819
Total equity and liabilities		612,985	556,950
NAV/Share (cent)	11	83	64
EPRA NAV/Share (cent)	11	87	70

(*) No par value.

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

April 28, 2015		
Date of approval of the financial statements	Zohar Levy Managing Director	Itay Braun Finance Director

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For The Year ended December 31	Note	2014	2013
		Euro (in thousands)	
Rental income		43,363	39,523
Operating expenses		(3,505)	(2,674)
Gross profit		39,858	36,849
General and administrative expenses	15	(6,289)	(4,658)
Fair value adjustments of investment properties	5	34,669	(5,058)
Other income (expenses)		5,106	(1,155)
Operating profit		73,344	25,978
Financial income	16	30,085	35,928
Financial expenses	16	(29,450)	(38,016)
Total financial income (expenses)		635	(2,088)
Profit before taxes on income		73,979	23,890
Tax expenses	17	(3,098)	(65)
Profit for the year		**70,881**	**23,825**
Other comprehensive income and expenses:			
Items that may be reclassified subsequently to profit or loss:			
Net loss arising on revaluation of available-for-sale financial assets		(23)	(290)
Reclassification to profit and loss of ineffective hedging reserve, net		7,220	23,681
Net loss on hedging instruments entered into for cash flow hedges		(9,254)	(227)
Other comprehensive (loss) income for the year, net of tax		(2,057)	23,164
Total comprehensive income for the year		**68,824**	**46,989**
Profit for the year attributable to:			
Owners of the Company		67,655	22,207
Non-controlling interests		3,226	1,618
		70,881	23,825
Total comprehensive income attributable to:			
Owners of the Company		65,861	41,659
Non-controlling interests		2,963	5,330
		68,824	46,989
Earnings Per Share:			
Basic (Euro per share)	12	0.237	0.081
Diluted (Euro per share)		0.237	0.081

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Issued capital (Note 11)	Share premium (Note 11)	Distribution Reserve (Note 11)	Reserves due to transactions with principal shareholder	Net unrealized gain reserve	Retained Earnings (Deficit)	Total equity attributable to owners of the parent Company	Non-Controlling interests	Total equity
	Euro in thousands								
Balance at January 1, 2013	**(*) -**	**-**	**292,007**	**2,216**	**(23,220)**	**(138,456)**	**132,547**	**2,130**	**134,677**
Profit for the year	-	-	-	-	-	22,207	22,207	1,618	23,825
Other comprehensive income for the year, net of income tax (**)	-	-	-	-	19,452	-	19,452	3,712	23,164
Total comprehensive profit	-	-	-	-	19,452	22,207	41,659	5,330	46,989
Share buyback (note 11)	-	-	(21,438)	-	-	-	(21,438)	-	(21,438)
Other	-	-	-	-	-	-	-	(97)	(97)
Balance at December 31, 2013	**(*) -**	**-**	**270,569**	**2,216**	**(3,768)**	**(116,249)**	**152,768**	**7,363**	**160,131**
Profit for the year	-	-	-	-	-	67,655	67,655	3,226	70,881
Other comprehensive loss for the year, net of income tax (**)	-	-	-	-	(1,794)	-	(1,794)	(263)	(2,057)
Total comprehensive profit (loss)	-	-	-	-	(1,794)	67,655	65,861	2,963	68,824
Dividend distribution (note 11e)	-	-	(4,850)	-	-	-	(4,850)	-	(4,850)
Issue of shares, net of expenses (note 11d)	-	-	30,924	-	-	-	30,924	-	30,924
Balance at December 31, 2014	**(*) -**	**-**	**296,643**	**2,216**	**(5,562)**	**(48,594)**	**244,703**	**10,326**	**255,029**

(*) No par value.
(**) Mainly other comprehensive profit results from the ineffectiveness of certain derivatives for more information see note 16.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For The Year ended December 31	2014	2013
	Euro (in thousands)	
Cash flows from operating activities:		
Profit for the year	70,881	23,825
Adjustments for:		
Deferred taxes	2,928	39
Sale of subsidiaries	(593)	-
Financial expenses (income), net	(42)	1,593
Fair value adjustment of investment properties	(34,669)	5,058
Gain from disposal of property	-	(430)
Loss from available for sale financial assets	-	495
Depreciation of property, plant and equipment	48	64
Amortisation and impairment of intangible assets	(839)	316
	(33,167)	7,135
Changes in operating assets and liabilities:		
Decrease (increase) in trade receivables	(570)	196
(Decrease) increase in trade and other payables	(203)	408
Increase (decrease) in payables to related parties and shareholders	3,545	(253)
Decrease (Increase) in prepaid expenses and other current assets	807	(7,221)
Decrease in other non-current liabilities	(668)	(11)
	2,911	(6,881)
Net cash flows provided by operating activities	40,625	24,079
Cash flows from investing activities:		
Payments for property, plant and equipment	(34)	(41)
Payments for intangible assets	-	(5)
Proceeds from sale of marketable securities	3,973	35,520
Proceeds from the sale of financial participations	1,075	-
Change in deposits	5,795	(566)
Increase in loan to third party	(1,108)	(4,607)
Payments for acquisitions of investment properties	(48,509)	(2,532)
Proceeds from sale of investment property	-	11,955
Interest income received	105	61
Net cash flows (used) provided by investing activities	(38,703)	39,785
Cash flows from financing activities:		
Proceeds from borrowings from banks	240,000	281,173
Net proceeds from borrowings from related parties	2,799	42,523
Repayment of borrowings	(265,666)	(383,035)
Interest expense paid	(16,742)	(21,564)
Net proceeds from issue of shares	30,924	-
Dividend distribution	(3,465)	-
Cost of raising loans paid	(4,229)	(342)
Net cash flows used in financing activities	(16,378)	(81,245)
Decrease in cash and cash equivalents	(14,456)	(17,381)
Cash and cash equivalents at beginning of the year	24,192	41,573
Cash and cash equivalents at end of the year	9,736	24,192

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1: GENERAL

A. Summit Germany Limited (the "Company") and its subsidiaries (together: the "Group") is a German property specialist fund. The Company was incorporated and registered in Guernsey on April 19, 2006. The parent company of the Group is Summit Real Estate Holdings Ltd (hereinafter: "SHL"), a company registered in Israel.

The Group owns, enhances and operates commercial real estate assets in Germany including office buildings, logistic centers and others, which are leased to numerous commercial and industrial tenants. The Group invests primarily in such properties that provide substantial income flows and potential for value increase through asset management. The Group does not acquire properties for speculative purposes.

The Company was a closed ended authorised investment scheme registered under The Protection of Investors Law (Bailiwick of Guernsey) 1987. In December 2013, the Company and its shareholders approved to apply to the Guernsey Financial Services Commission (the "GFSC") for consent to deregister as a closed ended authorised investment scheme under The Protection of Investors Law (Bailiwick of Guernsey) 1987. This request was approved by the GFSC on January 21, 2014.

In February 2014, the Company issued 54,971,291 new ordinary shares at a price of 63c on the AIM Market of London Stock Exchange. Out of the new shares, 1,438,252 shares were issued to the Group's advisors for their services in connection with the admission. The net proceeds amounted to €31 million.

After the end of the reporting period, the Company raised additional €120 million (excluding raising costs) through a placing of 171,428,571 new ordinary shares which were issued at a price of 70c on the AIM market of London Stock Exchange.

B. Major financing arrangements

1. As at December 31, 2014, the Group's bank borrowings amounted to €277 million, excluding the value of derivative instruments (in 2013: €313 million). The decrease in the bank borrowings in comparison to December 31, 2013 is mainly due to a refinancing transactioncompleted in December 2014 as detailed below.

2. In December 2014, the Group refinanced the majority of its bank debt in the amount of €270 million (the: "Old Loans") partially by a new 7 year debt facility (the: New Loans) in the amount of €240 million received from two German financial institutions at an interest rate of 3.14% in the amount of €240 million and partially by the acquisition of the remaining debt using the Group's own funds (the: Acquired Debt).
The uncovered loan difference of approximately €33 million (due to applied financing costs) has been purchased by the Group for resulting in an increase of the Company's NAV by €13.5 million included the profit and loss statements of the company under the financing income. It is to be noted that the financing transaction has released the Group from its obligation towards the prior debt provider for the disposal of investment properties in the amount of €100 million until the end of 2017. For further details see note 7.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1: GENERAL (Cont.)

B. Major financing arrangements (Cont.)

3. In April 2014, the Company completed an acquisition of a loan facility which was secured by a portfolio of 11 commercial properties in Germany, previously controlled by the Group. The cost of the acquisition was approximately €45 million plus transaction costs. As a result of the acquisition of the loan facility, the Group gained full control over the properties, which were valued at €73 million, commencing the second quarter of 2014 (see note 3 for details of the accounting treatment). The profit from the revaluation of properties of approximately €28 million was recognised in profit or loss, in Fair Value of Investment Properties line item. The acquisition was first financed by the Group's own funds, which has been replaced after the end of the current reporting period by a bank debt facility of approximately €33 million for 9 of the 11 acquired properties.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Going concern

As of December 31, 2014, the Group had a negative working capital of €18 million (2013: €2.6 million working capital). The working capital deficiency resulted mainly due to the acquisition of loans using the Group's funds during the reporting period as detailed in note 1 B 3 whereas new bank debt facility was first to be received after the reporting period has ended.

After the end of the reporting period, the Group used part of the €120 million (excluding raising costs) proceeds raised on the AIM market of the London Stock Exchange to repay its shareholders' loans (SHL loan), according to previous resolutions of the Group made in February 2015.

As a result of events that occurred during the reporting period and after, as detailed in Note 1 above, the Group has managed to strengthen its equity and prolong its major debt facilities while also being released from the obligation to sell its assets and shareholders loan (and Bonds) covenants. The Group’s property portfolio continues to generate a positive and stable cash flow that enables the Group to meet all its obligations.
The Group has to comply with various covenants set in the financing agreements with the banks. The management reviews the covenants ahead and monitors the Group's financial position and cash flow forecasts in light of the market indicators and business plans. As at the date of this report, the Group is in compliance with the aforementioned covenants.
On the basis of the aforesaid analysis, the management and the Directors believe that the Group maintains sufficient resources to continue its operations and the going concern assumption remains pertinent. The Directors believe the Group benefits from a strong platform to continue its activity to enhance value.

Basis of preparation

After careful consideration of all of the above factors, the Board has concluded that it is appropriate to prepare the Consolidated Financial Statements on the going concern basis.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.
Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Basis of preparation (Cont.):

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, expect for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Reportable segments – The Group operates in one segment, being a commercial real estate in Germany. Therefore, no further segments information is presented.

Statement of compliance:

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") and The Companies (Guernsey) Law, 2008.

Basis of consolidation:

The consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company (and its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Basis of consolidation (Cont.):

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The results of subsidiaries are included in the consolidated statements of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

All intra-group balances and transactions are eliminated in full on consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Business combinations and goodwill:

If, after reassessment, the Group's interest in the fair value of the acquirer's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held equity interest in the acquire (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Revenue recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, and similar allowances. The following specific recognition criteria must also be met before revenue is recognised:

<u>Interest income</u>:

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
Interest income is presented in finance revenue in the statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Revenue recognition: (Cont.)

Rental income:

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Foreign currencies:

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Taxes:

Income tax expense represents the sum of tax currently payable and deferred tax.

Current Taxes:

The Company is subject to taxation under the laws of Guernsey. The Company qualifies for exempt status, which results in no Guernsey taxation on income it receives, including interest and dividends received, or capital gains from the disposal of investments. Exempt status is achieved by application. Application is made to the Director of Income Tax in Guernsey for confirmation that the Company is eligible for exempt status under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. The exemption must be reapplied on an annual basis. The subsidiaries are subject to income taxes in their country of domicile in respect of their income. The ordinary corporate income tax rate in Germany as of December 31, 2013 is 15.825% (December 31, 2012: 15.825%).The majority of the Group subsidiaries are subject to German tax which will include RETT on property transactions, where applicable.

Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Taxes (Cont.):

Deferred tax (Cont.):

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial assets

Initial recognition:

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The Company determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short-term deposits, trade and other receivables, unquoted financial instruments, and derivative financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Financial assets (Cont.)

Subsequent measurement:

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets:

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three other categories of financial assets (Fair Value through profit or loss, held to maturity or loans and receivables). After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the income statement, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the consolidated statement of comprehensive income.

Financial Assets at Fair Value through Profit or Loss ("FVTPL"):

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.
A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the consolidate statement of comprehensive income. Fair value is determined in the manner described in note 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Financial assets (Cont.)

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.
On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities

Initial recognition:

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.
Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.
The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings and derivative financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Financial liabilities (Cont.)

Subsequent measurement:

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings:

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.
Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is either an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Fair value of financial instruments:

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the statement of financial position date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Amortised cost of financial instruments:

Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Impairment of financial assets:

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Due from loans and receivables:

For amounts due from loans and receivables carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated statement of comprehensive income.

Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the consolidated statement of comprehensive income.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Available-for-sale financial investments:

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.
In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of comprehensive income – is removed from equity and recognised in the consolidated statement of comprehensive income. Impairment losses on equity investments are not reversed through the consolidated statement of comprehensive income; increases in their fair value after impairment are recognised directly in equity.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement:

The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate, and foreign currency exchange hedge of the shareholder loan. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Any gains or losses arising from changes in fair value on derivatives during the year that are qualified for hedge accounting are taken directly to equity. Any gain or loss which not qualified for hedge accounting are taken directly to profit and loss.

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement:

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the ‘other gains and losses’ line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Property, plant and equipment

Plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any.
Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

- Fixtures and furniture - 3 to 23 years.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively if appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the statement of financial position date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.
Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of comprehensive income in the period of derecognition.
Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated statements of comprehensive income in the year in which the expenditure is incurred.
The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Intangible assets (Cont.):

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.
Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

Impairment of assets:

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Cash and short-term deposits:

Cash and short-term deposits in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated statement of cash flow, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Trade and other receivables:

Trade receivables, which generally have 30-90 days' terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Provisions:

Provisions are recognised 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. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTE 3: CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of Group's accounting policies which are described in Note 2 above, management is required to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities that are not readily apparent from other sources. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty:

The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revaluation of investment properties:

The Group carries its investment properties at fair value, with changes in fair values being recognised in the profit or loss. The Group engages independent valuation specialists to determine fair value of investment properties on an annual basis. The valuation technique used to determine fair value of investment properties is based on a discounted cash flow model as well as comparable market data.

The determined fair value of the investment properties is sensitive to the estimated yield as well as the long term vacancy rate. The key assumptions used to determine the fair value of the investment properties, are further explained in Note 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 3: CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont.)

Taxation

Uncertainties might exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the Group's international business relationships and the nature of contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. In previous years the Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. In 2014 the provision was reversed as these tax years concerned can no longer be challenged (2013: €4.1million).

Deferred taxes
Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. (See also Note 17).

Acquisition of assets

In regard to the transaction detailed in note 5, the Group management and the Directors have reviewed the characteristics of the transaction and the properties over which control was regained by the Group, in accordance with the requirements of IRFS3(R). Although control over corporate entities was gained as a result of the transaction, these entities were special purpose vehicles for holding properties rather than separate business entities – this judgment was made mainly due to the absence of business processes inherent in these entities. Consequently, the Directors consider that the transaction meets the criteria of acquisition of assets and liabilities rather than business combination, and accounted for the transaction as such.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 4: ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

A. Application of new and revised international Financial Reporting Standards (IFRSs)

1. Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2014.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Group's consolidated financial statements.

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied the amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill of other intangible assets with indefinite lives has been allocated when there has been on impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarch, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 4: ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (Cont.)

A. Application of new and revised international Financial Reporting Standards (IFRSs) (Cont.)

1. Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year (Cont.)

Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The Group has applied the amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to fair value of the derivative designated as hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

IFRIC 21 Levies

The Group has applied IFRIC 21 Levies for the first time in the current year. IFRIC 21 addresses the issue as when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

IFRIC 21 has applied retrospectively. The application of this Interpretation has no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 4: ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (Cont.)

A. Application of new and revised international Financial Reporting Standards (IFRSs) (Cont.)

2. New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

• IFRS 9	Financial Instruments[4]
• IFRS 15	Revenue from Contracts with Customers[3]
• Amendments to IFRS 11 And IAS 38	Accounting for Acquisitions of Interests in Joint Operations[1]
• Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[1]
• Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[1]
• Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[2]
• Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

IFRS 9 Financial Instrument

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 4: ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (Cont.)

A. Application of new and revised international Financial Reporting Standards (IFRSs) (Cont.)

2. New and revised IFRSs in issue but not yet effective (Cont.)

IFRS 9 Financial Instrument (cont.)

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liablitity is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event th have occurred before credit losses are recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 4: ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (Cont.)

A. Application of new and revised international Financial Reporting Standards (IFRSs) (Cont.)

2. New and revised IFRSs in issue but not yet effective (Cont.)

IFRS 9 Financial Instrument (Cont.)

Key requirements of IFRS 9 (Cont.):

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group undertakes a detailed review.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition.

- Step 1: Identify the contracts(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 4: ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (Cont.)

A. Application of new and revised international Financial Reporting Standards (IFRSs) (Cont.)

2. New and revised IFRSs in issue but not yet effective (Cont.)

IFRS 15 Revenue from Contracts with Customers (Cont.)

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15until the Group performs a detailed review.

Annual Improvements to IFRSs 2010-2012 Cycle

The Annual Improvements to IFRSs 2010-2012 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 3 clarify that consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date in on or after July 1 2014.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of The Company do not anticipate that the application of these amendments will have a significant impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 4: ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (Cont.)

A. Application of new and revised international Financial Reporting Standards (IFRSs) (Cont.)

2. New and revised IFRSs in issue but not yet effective (Cont.)

Annual Improvements to IFRSs 2011-2013 Cycle

The Annual Improvements to IFRSs 2011-2013 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 13 clarify that the scope of the portfolio exception exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

a) The property meets the definition of investment property in terms of IAS 40; and

b) The transaction meets the definition of a business combination under IFRS 3.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 5: INVESTMENT PROPERTIES

A. Changes in years 2013 and 2014

	Euro in thousands
Balance at January 1, 2013	515,205
Disposal during the year (C)	(11,525)
Additions during the year	2,532
Fair value adjustments during the year	(5,058)
Balance at December 31, 2013	501,154
Additions during the year (D)	48,509
Reclassification to property held for sale (C)	(1,760)
Fair value adjustments during the year (*)	34,669
Balance at December 31, 2014	582,572

(*) Out of this an amount of €28 million is revaluation of assets which control was regained, for additional information see note 5D.

B. Fair value measurement of investment properties (Level 3 classification)

1. The fair value of investment property is determined at least once a year or when indications of value changes arise at the earliest, based on a valuation performed by independent reputable experts.

The valuation is performed using the income capitalisation method, which is a valuation based model on the present value of expected Net Operating Income per property. Real estate valuations are based on the net annual cash flows after capitalisation on discounted rates that reflects the specific risks inherent in property activity.

The valuations reflect the profile of the tenants which are legally committed to the lease agreement and the remaining economic life of the asset. The market rents used in the valuation vary per location, uses and condition of the property, age and level of finishing of various assets, even in the same building. Average rent in respect of office space can range from €4-22 per month per square meter; for retail properties, between €4-26 per month per square meter; for logistics properties between €2-16 per month per square meter. For office, commercial and logistics properties, discounted rates were ranging between 6.20 % - 9.5%.

A number of factors contribute to the value of retail properties, such as national and local economic development, investment demand created by property investors, and interest rates.
While changes in investment properties' fair value have an effect on the Group's profit for the financial year, they do not have an immediate impact on cash flow.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 5: INVESTMENT PROPERTIES (Cont.)

B. Fair value measurement of investment properties (level 3 classification) (cont.)

1. (Cont.)

The significant unobservable inputs used in the fair value measurement of the entity's investment properties are rents achieved at market (when these increase, an increase in properties value may occur), discount rates (when these increase, a decrease in properties value may occur) and occupancy rates (when these increase, an increase in property values may occur). Significant increases (decreases) in any of those inputs in isolation would result in a significantly lower (higher) fair value measurement. Sensitivity to change in the properties' fair value, or the risk associated with fair value, can be tested by altering the above key parameters. Furthermore, the effect of the change in each parameter is not necessarily similar – as such, changes in the rents and discount rates might have a more significant effect on the properties' value than similar change of the occupancy rates. In addition it is noted that changes in different parameters might occur simultaneously. For example a change in occupancy may connect to a change in market rents when they impact fair value simultaneously.

2. Supplemental information

Lettable area

	As December 31, 2014				As December 31, 2013			
	Offices	Logistic	Retail	Total	Offices	Logistic	Retail	Total
	Sqm				Sqm			
	375,485	257,125	97,676	730,286	302,561	262,873	81,461	646,895
Percent of total assets	52%	35%	13%	100%	47%	41%	12%	100%

Fair value – analysis by use

	As December 31, 2014				As December 31, 2013			
	Offices	Logistic	Retail	Total	Offices	Logistic	Retail	Total
	Euro in thousands				Euro in thousands			
	385,072	113,314	85,946	584,332	310,775	112,433	77,946	501,154
Percent of total assets	66%	19%	15%	100%	62%	22%	16%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 5: INVESTMENT PROPERTIES (Cont.)

B. Fair value measurement of investment properties in Level 3 (Cont.)

2. Supplemental information (cont.)

NOI – analysis by use

	As December 31, 2014				As December 31, 2013			
	Offices	Logistic	Retail	Total	Offices	Logistic	Retail	Total
	Euro in thousands				Euro in thousands			
	24,533	8,382	6,943	39,858	19,819	9,438	7,592	36,849
Percent of total assets	62%	21%	17%	100%	54%	26%	20%	100%

Adjustment to fair value – analysis by use

	As December 31, 2014				As December 31, 2013			
	Offices	Logistic	Retail	Total	Offices	Logistic	Retail	Total
	Euro in thousands				Euro in thousands			
	31,834	97	2,738	34,669	6,792	(3,891)	(8,114)	(5,213)
Percent of total assets	92%	-	8%	100%	(130%)	75%	155%	100%

Average rent

	Offices		Logistic		Retail	
	As December 31,					
	2014	2013	2014	2013	2014	2013
€/sqm/month	8	7.5	3.3	3.4	7.9	8.7
Range €	(3.5-21.6)	(3.5-20.9)	(2.3-15.7)	(2.2-15.7)	(3.9-25.7)	(3.5-25.7)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 5: INVESTMENT PROPERTIES (Cont.)

C. Disposals

In July, 2013 the Group sold a real estate property in Frankfurt, Germany, for approximately €10.6 million. The property of approximately 3,000 sqm was for commercial and office use.
In addition, the Group sold a non-yielding plot of unused land situated close to another Group property for about €430 thousand. The Group recorded profit in amount of €430 thousand (Included in other income in the profit and loss).

In November 2013 the Group sold a real estate property located in former East Germany, for €925 thousand.

In 2014 no properties were sold. A classification for held for sale was made in amount of approximately €1.8 million for further information see note 20E.

D. Additions during the year

The Group previously owned two portfolios over which, in 2012, the Group lost control due to breach of covenants (LTV). The relevant properties, which have been structurally ring-fenced, were then deconsolidated. In April 2014, the Group completed an acquisition of a loan facility that financed one of these previously owned portfolios, which was secured by 11 commercial properties in Germany. The total cost of the acquisition was approximately €45 million plus transaction costs. On acquisition of the loan facility, the Group gained full control over the 11 properties which were then revaluated to €73 million and it consolidated these from the second quarter of 2014 (see note 3 for details of the accounting treatment). Profit from revaluation of properties of approximately €28 million was recognized in profit or loss, in the Fair Value of Investment Properties line item.
On acquisition, the portfolio comprised mainly office properties throughout Germany. It has an aggregate Net Lettable Area of ca. 90,000 sqm and a current occupancy rate of 71%. The properties generate an aggregate Net Annual Rent of approximately €6.3 million.

The above transaction was first financed by Group funds which were then replaced in March 2015 with a 7 year term debt facility received by a German bank for 9 of the 11 portfolio properties. The new debt facility in the amount of €33m (of which €2.5m are subject to the future extension of certain leases) bears an interest rate of 1.96%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 6: OTHER LONG-TERM ASSETS

A. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	December 31,	
	2014	2013
	Euro in thousands	
Other long-term financial assets:		
Deposits in escrow [1]	-	266
Available-for-sale investment – unquoted equity shares [2]	2,456	2,962
Long-term loans receivable [3]	7,221	5,432
Other financial assets	1,099	1,258
Total long term financial assets	10,776	9,918
Other long-term financial liabilities:		
Other Financial liabilities	2,220	2,226

(1) Deposits in escrow:
In 2013, the Group deposited amounts with a notary, in connection with acquisitions, until certain conditions are fulfilled. The deposits do not bear interest.

(2) Available-for-sale investment -unquoted equity shares:
Investments in Ordinary shares in related companies. Group interests in these companies were not accounted for using the equity method because of lack of significant influence (the Group has neither voting rights, nor representation in the management of these companies). The fair value of the investments at the end of the reporting period is based on the market values of the companies' investments in real estate.

In April, 2014 the Group sold part of this investment for a consideration of €1.1 million. The carrying amount of the relevant investment was €0.6 million.

(3) Long-term loans receivable

A subsidiary of the Group has an agreement to provide funding for three residential projects in Berlin up to a sum of €6.2 million (€1.7 million for the first project, € 1.9 million for the second and € 2.6 million for the third). The Group is entitled to a minimum interest rate of 15% plus a share in the projects' profits. The loans and accrued interest are repayable from the revenues of the projects, not later than May 2016.
Up to the December 31, 2014, the Group provided the above funding at its maximum amount and accrued the relating interest so that at the end of the reporting period the amounts receivable are €7 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 6: OTHER LONG-TERM ASSETS (Cont.)

A. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

(3) Long-term loans receivable (cont.)

To secure the recoverability of these loans, the Group received a lien over the shares of the entrepreneurial companies and lien rights over the projects and their income. In addition, the loans are secured by personal guarantees of shareholders of the entrepreneurial companies and the developers are obliged not to grant a lien naming rights over the project, except a lien in favour of the financing bank, and not to allot any securities of entrepreneurial companies without the consent of the Group.
During the reporting period the Group agreed to subordinate the loans it provided, in favour of a bank financing which was required for the projects.
The projects are in different stages of development. One of the projects reported actual sales of 96% of its units and the second has reported actual sales of 33% of its units. For the third project the sale has not yet begun.

B. INTANGIBLE ASSETS

The intangible assets including IT software and good will amounted in 2014 to €13 thousand (2013: €12 thousand).

C. PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment sum up at December 31, 2014 to €109 (2013: 124€).

NOTE 7: INTEREST - BEARING LOANS AND BORROWING

Interest-bearing loans and borrowings (net of cost of raising loans):

	Effective interest rate	Maturity	31 December 2014	31 December 2013
	%		Euro in thousands	
Current:				
Current maturities of long term loans	(*) 1.75-3.13	2015	4,007	6,260
Non-current:				
Secured bank loans	(*) 1.75-3.13	2016-2021(**)	272,594	307,199

(*) Includes the effects of related interest rate swap as discussed hereunder.

(**) Amount of €204 million matures in 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 7: INTEREST - BEARING LOANS AND BORROWING (Cont.)

A. In February, 2013 the Company and Royal Bank of Scotland ("RBS") completed a re-financing of non-recourse debt of €401 million at refinancing date (and which included € 95 million due to be repaid during 2013). This debt financed 3 asset portfolios that included 88 assets of the Group (the: "RBS Facilities").

As a part of the transaction with RBS, the Company acquired through a subsidiary ("Gallia") a portion of RBS bank loan in the amount of €120 million ("B-NOTE" or "Junior Tranche") for a consideration of €90 million. As a result, Gallia became a creditor of the holding property subsidiaries ("property companies") holding the Junior Tranche of €120 million and RBS held the Senior Tranche of €281 million.
The Group liability to RBS was reduced by €120 million for a consideration of €90 million therefore the Group recorded a profit in 2013 of approximately €30 million. The interest rate swaps on these facilities (the "Old Swaps") became ineffective after the refinancing described above when their remaining notional matured in 2014. The hedging reserve related to the old swaps (€23 million) was recognised in profit and loss (financial expenses). Starting from the refinancing date (February 2013), the revaluation gain of the old swaps is recognised in profit and loss. New interest rate swaps were put in place to hedge against the floating interest of RBS loans.

The Group financed this transaction partly by a loan received from SHL in the amount of €46.5 million (the: "Shareholder Loan" or "SHL loan"). To finance the Shareholder Loan, SHL issued bonds (the: "Bonds") to the public with recourse. The terms of the Shareholders loans were back to back with the terms of the bonds, the shareholder loan agreement as well as the Bonds included various financial covenants.

The loan agreements included various covenants, including LTV, ICR, DSCR. The Group was also committed to sell or refinance with other lenders real estate properties valued at approximately €100 million until 2017, and certain restrictions of withdrawal from rent accounts were in place.

B. In December 2014 the Group refinanced the RBS loans detailed above with two German banks ("New Loans"), as follows:

1. New Loans have been received from two German financial institutions, in the amount of €240 million. The loans terms are detailed in paragraph 4 below.
2. The uncovered loan difference of approximately €33 million. has been acquired by the Company resulting in an increase of the Company's NAV by €13.5 million included in the Profit and Loss Statement of the Group under financing income.
3. The Group entered new hedging arrangements with the lenders (as per the requirement of the financing agreements) for a full cash flow hedge of floating interest. As a result of the repayment of the Old Loans, the hedging reserve accumulated due to prior hedging arrangements was reclassified to profit and loss resulting financing expense of €7.2 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 7: INTEREST - BEARING LOANS AND BORROWING (Cont.)

B. (Cont.)

4. The new loans have been provided under the following terms:
   - A 7 years term with an amortisation rate of 3% resulting in a repayment amount of approximately €204 million in December 31, 2021.
   - LTV (Loan to Value) 70%-75% until December 2018 and thereafter 70% should apply.
   - Debt-To-Rent Ratio was fixed between 7.65-8.44.
   - WAULT -a weighted average lease remaining term (WAULT) of at least 3 years has to be kept throughout the term of the loan.

   To the date of this report the Company complies with all the Covenants above.

C. In 2014, the Group has made a partial early repayment of the shareholder loan in the amount of €3 million. The remaining shareholder loan amount of €44.5 million was repaid after the end of the reporting period. As a result, at the date of the approval of these financial statements the Group is no longer subject to the shareholder loan covenants.
The Group provided a bank guarantee of €2.1 million as of December 31, 2014 for the benefit of the bondholders, as required by the Deed of Trust. After the balance sheet date the guarantee was canceled, as a result of full repaid of the Series E bonds by the Company. (2013: €4.9 million)

D. The outstanding costs of raising loans as of December 31, 2014 are €4 million (2013: €1.1 million). These are presented net of interest-bearing loans and borrowings and amortised over the period of the loans.

E. In November 2013, the Company has refinanced a loan of €24 million which was due in 2014, to be payable on September 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 8: TRADE RECEIVABLES

	December 31, 2014	December 31, 2013
	Euro in thousands	
Trade receivables	4,793	3,030
Provision for doubtful debts	(2,446)	(1,253)
	2,347	1,777

Trade receivables are non-interest bearing and are generally 30-90 day terms.

As at 31 December, the ageing analysis of trade receivables is as follows:

	Total	< 30 days	30 – 60 days	60 – 90 day	90 – 120 day	>120 days
	Euro in thousands					
2014	2,347	1,462	361	264	99	161
2013	1,777	375	304	419	173	506

Movements in the provision for doubtful debts:

	Euro in thousands
At January 1, 2013	1,832
Charge for the year	135
Utilised	(714)
At December 31, 2013	1,253
Charge for the year	1,200
Utilised	(37)
Acquisition of portfolio assets	30
At December 31, 2014	2,446

NOTE 9: PREPAID EXPENSES AND OTHER CURRENT ASSETS

	December 31, 2014	December 31, 2013
	Euro in thousands	
Prepaid expenses	1,065	918
Service charge	3,850	2,347
Designated cash (*)	-	5,795
	4,915	9,060

(*) The balance was outstanding due to restrictions on rent accounts set in the financing agreements. This restriction was released following the refinancing in December 2014 as detailed in note 7.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 10: CASH AND CASH EQUIVALENTS

	December 31,	
	2014	2013
	Euro in thousands	
Cash at banks and on hand	9,736	21,263
Short-term deposits (*)	-	2,929
	9,736	24,192

(*) Deposits for varying periods of between one day and three months, depending on the immediate cash requirements of the Group.

NOTE 11: SHARE CAPITAL

a. The authorised share capital of the Group is represented by an unlimited number of Ordinary shares with no par value:

	Issued and outstanding
	Number of shares
At January 1, 2013	275,000,000
Share buyback [(c)]	(36,000,000)
At December 31, 2013	**239,000,000**
Issue of shares[(d)]	54,971,291
At December 31, 2014	**293,971,291**

b. Distributable reserve:
The directors have elected to transfer all premiums arising from the issue of ordinary shares by the Company to a distributable reserve. This type of reserve is not specifically recognised within the Companies (Guernsey) Law, 2008.
In accordance with the Companies (Guernsey) law, 2008, any distribution is subject to a solvency test to determine whether the Company is able to distribute funds to shareholders.

c. In December 2013, the board of directors approved a buyback of 36,000,000 shares from Unifinter Administratiekantoor B.V at a share price of 59.55 cents. The parties agreed the consideration of this purchase to be offset against the outstanding receivables from Unifinter Administratiekantoor B.V. in amount of €21.4 million.

d. In February 2014, the Company issued 54,971,291 new ordinary shares at a price of 63c on the AIM Market of London Stock Exchange. Out of the new shares, 1,438,252 shares were issued to the Group's advisors for their services in connection with the admission. The net proceeds (net of issuance costs) amounted to €31 million.

After the end of the reporting period, the Company issued 171,428,571 ordinary shares at a price of 70c by matter of placing on the AIM market of the London Stock Exchange resulting in a raise of €120 million (excluding raising costs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 11: SHARE CAPITAL (Cont.)

e. Dividends:

Following the Company's Admission to AIM, the Company has adopted a quarterly dividend policy.

During 2014 the Company distributed dividends in amount of €4.8 million (no dividends distributions were made during 2013).

After the end of the reporting period, the Company announced and distributed dividend of 1.2c per share. The total amount of €3.528 million has been paid to the shareholders in March 2015. In April 2015 the Company announced additional dividend of 0.77 cent per share.

f. NAV and EPRA NAV:

	As of December 31, 2014		As of December 31, 2013	
	€, thousands	€, per share	€, thousands	€, per share
NAV (*)	244,703	0.83	152,736	0.64
Financial derivative instruments (***)	5,055		11,909	
Deferred Tax, net	5,623		2,707	
EPRA NAV (**)	255,381	0.87	167,352	0.70

(*) Net Asset Value
(**) EPRA NAV is calculated based on the NAV excluding the effect of deferred taxes and the value of hedging instruments.
(***) Excluding Forex in respect of the shareholder's loan repaid after the end of the reporting period.

NOTE 12: EARNINGS PER-SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Year ended December 31,	
	2014	2013
	Euro in thousands	
Earnings		
Earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company	67,655	22,207

	Year ended December 31,	
	2014	2013
	In thousands	
Number of shares		
Weighted average number of ordinary shares for the purposes of the basic earnings per share	285,514	274,901

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 12: EARNINGS PER-SHARE (Cont.)

Earnings Per Share:	**Year ended December 31,**	
	2014	**2013**
Basic (Euro per share)	0.237	0.081
Diluted (Euro per share)	0.237	0.081

There is no difference in the current year or the previous year between basic and diluted earnings per share.

NOTE 13: BALANCES AND TRANSACTIONS WITH RELATED PARTIES

	Amounts owed by related parties		**Amounts owed to related parties**	
	December 31		**December 31**	
	2014	**2013**	**2014**	**2013**
	Euro in thousands		**Euro in thousands**	
Loan from related party (a)	-	-	44,464	44,675
Related parties (b)	191	271	8,438	225
	191	271	52,902	44,900

(a) The loan has been provided by SHL in 2013 in order to finance the acquisition of part of the RBS debt. The loan bears 9.5% interest as disclosed in note 7A. The balance including as at December 31, 2014, €1.7 million interest accrued on the SHL loan (see note 13 for further details). As of December 31, 2014 other trade payables include current maturities of SHL loan in the amount of €6.5 million.

After the end of the reporting period, the Group has resolved to exercise the given option for an early repayment of the shareholders loan and to repay the remaining loan amount of €44.5 million using part of the proceeds received as a result of the placing of shares in the AIM market of the London Stock Exchange in the beginning of 2015 as detailed in note 11 d above. The repayment included an early repayment fee amounting to approximately €4.5 million.

(b) The balance as at 31 December 2014 includes:

1. Amounts due to SHL, of approximately €7.5 million, out of which:
    - €4.5 million are due to SHL from a cash injection to SGL, to finance the RBS refinancing transaction discussed in note 7.
    - €1.4 million due to dividends payable in 2014.
    - €1.6 million due to other transactions with SHL during 2014.
2. Provision for management fees to the management company, including performance based compensation (according to management agreement detailed in (d) below), in the amount of €970 thousand.

(c) In April 2014, the company Board of Directors approved a one-time bonus to the Company's Finance Director and to one of the Company's Directors in amount of €50 thousand Euros each, for their contribution to the IPO in February 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 13: BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Cont.)

(d) Compensation of key management personnel of the Company :

	2014	2013
	Euro in thousands	
Professional fees to directors	170	90
Management fees	1,805	2,528
Total compensation paid to key management personnel	1,975	2,618

Assets Management Company and ultimate controlling party:

At the date of this report Summit Real Estate Holdings Ltd which holds approximately 79.17% of the Ordinary shares in the Company. SHL is under the control of Mr. Zohar Levy, a director of the Group. Summit Management CO S.A. ("SMC"), a company controlled by Zohar Levy, was appointed as an Asset Manager on 19 May 2006. The terms of this appointment were revised in February 2014.

Terms and conditions of the management agreement

The management agreement was amended in February 14, 2014 in preparation for Admission to AIM. According to the amendment of the agreement, SMC is responsible for providing certain public company services and advisory services to the Group, including the services of the Group's Managing Director and Finance Director, Zohar Levy and Sharon Marckado Erez respectively.
During the fourth quarter of 2014 Sharon Marckado Erez has resigned and Mr Itay Braun has been appointed as Finance Director of the Company.
Since the Admission of the company, SMC is entitled to an advisory fee equal to €750,000 per annum, payable quarterly, and to a performance-based bonus of up to €750,000 per annum depending on certain performance criteria (as detailed below). The advisory fee reflects the asset management costs on the level of SMC including the cost of employment of the Managing Director and the Finance Director.

The annual bonus may be payable in each accounting year, where the amount of €750,000 is the **"Maximum Bonus"** based on hurdles to be determined by the remuneration and nomination committee of the Group, save that in respect of the accounting year ending December 31, 2014 the bonus shall be payable if the Group's Funds From Operations **("FFO")** is equal to or greater than 112% of the FFO for the year ending December 31, 2013 **("Base FFO")**. Where the Company's FFO in the accounting year ending December 31, 2014 is above the Base FFO but less than 112% of the Base FFO, SMC shall be entitled to an amount equal to the pro-rata proportion of the Maximum Bonus. Any Bonus which SMC is entitled to receive in any relevant accounting year shall be reduced by an amount equal to any carried interest amount paid to SMC pursuant to the articles of association of SFL in respect of the same accounting year, provided that any Bonus shall not be reduced to less than zero.
As at December 31, 2014 the performance criteria were met and the Group included a provision for a performance-based bonus of €750,000 in the amounts due to related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 13: BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Cont.)

(d) Compensation of key management personnel of the Company (Cont.):

Terms and conditions of the management agreement (Cont.)

The articles of association of SFL **("SFL Articles")** contain certain provisions which relate to SMC's carried interest entitlement in respect of their services provided under the initial Portfolio Management Agreement from 2006. SMC holds special B shares in Summit Finance Limited which will give it the right to receive a carried interest if the Company distributes a cash return on shareholders' equity of at least 8% in any financial year ("the Hurdle"). SMC will be entitled to receive 25% of the cash return in that year in excess of the Hurdle after deducting the carried interest entitlement. If the Company has not achieved a cash return on shareholders' equity of at least 8% in any previous year **("a Shortfall")**, the carried interest will not be paid until the Shortfall has been made up. Where such fees arise, they are charged to the consolidated statement of comprehensive income. No amounts were ever due in respect of aforementioned. As of December 31, 2014, the Shortfall is approximately €168.6 million. Therefore, the likelihood that SMC would be entitled to receive any carried interest is extremely low.

SFL articles were amended so SMC's entitlement to receive any carried interest payable is by virtue of its ownership of B shares in SFL. The SFL Articles and the amended Portfolio Management Agreement provide that the B shares may be held by whoever is the appointed asset manager under the Portfolio Management Agreement or any other asset or portfolio management agreement to which the Group is a party from time to time.

NOTE 14: TRADE AND OTHER PAYABLES

	December 31,	
	2014	2013
	Euro in thousands	
Accrued expenses	2,726	1,947
Accrued interest (*)	1,995	4,247
Service charge prepayments	3,648	1,589
VAT	648	515
Provision for maintenance	4,336	4,016
Other trade payables (*)	9,809	6,354
	23,162	18,668

(*) As at December 31, 2014, €1.7 million interest accrued on the SHL loan (see note 13 for further details). As of December 31, 2014 other trade payables include current maturities of SHL loan in the amount of €6.5million. After the reporting date, the SHL loan, as described in note 13 was fully repaid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 15: GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31, 2014	Year ended December 31, 2013
	Euro in thousands	
Management and directors' fees (a)	1,975	2,618
Professional fees (b)	1,005	1,084
Salaries	2,442	2,343
Administration fees	89	102
Other expenses (income) (c)	607	(1,654)
Office expenses	171	165
	6,289	4,658

(a) See note 13 for details of the amendment to the management agreement signed in February 2014.

(b) Professional fees include audit fees in the amount of €360 thousand (2013: €327 thousand).

(c) In 2013, other expenses include release of provisions from previous years.

NOTE 16: FINANCIAL EXPENSES (INCOME)

	Year ended December 31, 2014	Year ended December 31, 2013
	Euro in thousands	
Financial expenses:		
Interest on bank borrowings	20,903	25,637
Cost of raising loans -amortization	690	1,048
Ineffective hedging instruments reserve (a)	7,220	10,887
Other	637	444
Total financial expenses	29,450	38,016
Financial income:		
Interest income on short-term deposits	105	64
Income from refinancing (see note 7B)	13,496	30,000
Hedging reserve (b)	11,661	-
Income from marketable securities	1,340	4,426
Income on currency exchange	1,913	710
Other	1,570	728
Total financial income	30,085	35,928

(a) In 2013, the hedging reserve related to the old ineffective hedging instruments (see note 7A) was recognised in the financial expenses in the profit and loss, in amount of €11.7 million.

(b) As a result of new hedging agreements signed in December 2014 as part of the refinancing transaction (note 7B 3) the hedging reserve which was outstanding as of the refinancing transaction date was reclassified to the profit and loss, in amount of €7.2 million. The total effect of the swap transactions detailed above on the financial statements sum up to ca. €4.5 million financial income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 17: TAXATION

A) Taxes on income recognized in the consolidated statement of comprehensive income:

	Year ended December 31,	
	2014	2013
	Euro in thousands	
Current income tax:		
Current income tax charge	171	20
Deferred income tax (See C):		
Relating to origination and reversal of temporary differences	2,927	45
Income tax expense reported in the statement of comprehensive income	3,098	65

B) A reconciliation between the tax benefit in the consolidated statement of comprehensive income and the profit before taxes multiplied by the current tax rate can be explained as follows:

	Year ended December 31,	
	2014	2013
	Euro in thousands	
Profit before taxes on income	73,979	23,890
Tax at the statutory tax rate in Germany (15.825%)	11,707	3,781
Increase (decrease) in respect of:		
Losses for which deferred taxes were not recorded	14,356	2,448
Utilisation of tax losses for which deferred tax were not recorded in the past	(1,231)	(2,903)
Effect of lower tax rate	(12,908)	(2,202)
Deferred taxes not recognised due to revaluation of investment properties and other income	(4,394)	3,166
Non-deductible expense	(2,752)	(3,534)
Deferred tax reverse	815	-
Difference between tax and reporting GAAP	(3,286)	(966)
Adjustments in respect to current income tax of previous years	-	138
Other	791	137
Income tax expense	3,098	65

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 17: TAXATION (Cont.)

C) Deferred income tax:

	Consolidated statement of financial position	
	2014	2013
	Euro in thousands	
Deferred tax asset (liability)		
Revaluations of investment properties to fair value	(12,095)	(9,410)
Losses carried forward	5,272	4,112
Revaluations of financial instruments	196	1,360
Provisions	706	743
Other	298	489
Deferred tax assets (liabilities), net	(5,623)	(2,706)

The Group offsets deferred tax assets and liabilities when these are originated by the same tax entity. After offsetting such assets and liabilities, the net balances are:

	Consolidated statement of financial position	
	2014	2013
	Euro in thousands	
Deferred tax asset	565	690
Deferred tax liability	(6,188)	(3,396)

	Consolidated statement of comprehensive loss (income)	
	2014	2013
	Euro in thousands	
Deferred tax asset (liability)		
Revaluations of investment properties to fair value	2,592	766
Losses carried forward	(949)	(592)
Revaluations of intangible assets	100	100
Revaluations of financial instruments	1,056	7
Provisions	128	(43)
Other	-	(193)
Increase in deferred tax, net	2,927	45

	Other comprehensive loss	
	2014	2013
	Euro in thousands	
Deferred tax asset (liability)		
Revaluations of financial instruments	196	1,486
Ineffective swap	-	13
Increase in deferred tax, net	196	1,499

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 17: TAXATION (Cont.)

D) Based on the Group's expectations, future sales of investment properties will be implemented through a sale of the shares of the company owning the assets, rather than a direct sale of the assets. Therefore, for the purpose of calculating deferred taxes the tax rate applicable to the sale of shares was used. This policy was implemented regarding all of the Company's holdings in investment properties, except for its holding through "Deutsche Real Estate AG" (a subsidiary purchased in August 2007), for which the Group has a different legal structure

E) Group's carried forward tax losses which deferred taxes were not created for, are €81 million, (during 2013: €49 million).
No deferred tax assets were recognized with respect to those tax losses carry forward since their utilisation is uncertain.

NOTE 18: FINANCIAL INSTRUMENTS

The Group's principal financial liabilities, other than derivatives, comprise mainly bank loans, and trade payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Company has various financial assets such as trade receivables and cash and short-term deposit. As to derivative transactions, see Note 7.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk as summarized below.

Market risk:

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices. Market prices comprise two types of risks that are relevant to the Company: Interest rate risk and Price risk.

- **Interest rate risk:**
  The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

  The Group's policy is to fix the interest rate of its bank loans by entering into fixed interest rate loan agreements and by entering into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At December 31, 2014 after taking into account the effect of interest rate swaps, the majority of the Group's borrowings are at a fixed rate of interest. All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 18: FINANCIAL INSTRUMENTS (Cont.)

Market risk (Cont.):

- **Interest rate risk (Cont.):**
  However, fixing the interest rates of bank loan agreements exposes the Group to market risk on changes in fair value of the swap.

  Sensitivity of changes in swap interest rate

	effect	
	5% increase in swap interest rate	5% decrease in swap interest rate
	Euro in thousands	
2014	(850)	850
2013	512	(512)

- **Price risk:**
  The Group's marketable securities and available for sale financial instruments are susceptible to price risk arising from uncertainties about future values of the investment in those instruments. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. The Company's senior management monitors value and extent of such investments on an ongoing basis.

  The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period:

  Sensitivity of changes in equity price

	Profit (losses) impact	
	5% increase in equity price	5% decrease in equity price
	Euro in thousands	
2014	62	(62)
2013	486	(486)

- **Credit risk:**
  Credit risk is the risk that counterparty will not meet its obligations, as reflected as of the period end in Group's financial statements, under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities.

  The Group performs ongoing credit evaluations of its lessees and the financial statements include specific allowances for doubtful accounts which, in management's estimate, adequately reflect the underlying loss of debts whose collection is doubtful.

  The Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 18: FINANCIAL INSTRUMENTS (Cont.)

- **Credit risk (Cont.):**
  Credit risk on investments in marketable securities is limited as investments are in high credit rating and usually represent asset backed securities or guarantees. Diversity and credit rating are monitored on an ongoing basis.

  The carrying amount of financial assets recognised in financial statements net of impairment losses represents Group's maximum exposure to credit risk, without taking into account collateral or other credit enhancements held.

  Collateral and other credit enhancements are obtained in most cases, pursuant to management assessment of the client's credit quality and an assignment of its credit limits.

Liquidity risk:

The table below summarises the maturity profile of the Group's financial liabilities at December 31 2014 based on contractual undiscounted payments.

	As at December 31, 2014					
	Up to 1 year	1-2 years	2-3 years	3-4 years	> 4 years	Total
	Euro in thousands					
Interest bearing loans and borrowings	20,561	21,511	23,750	45,251	256,667	367,740
Trade and other payables	24,248	-	-	-	-	24,248
Other liabilities	60	-	-	-	-	60
Payables to related parties and shareholders	8,438	-	-	-	-	8,438
	53,307	21,511	23,750	45,251	256,667	400,486

The tables below summarises the maturity profile of the Group's financial liabilities at 31 December 2013 based on contractual undiscounted payments.

	As at December 31, 2013					
	Up to 1 year	1-2 years	2-3 years	3-4 years	> 4 years	Total
	Euro in thousands					
Interest bearing loans and borrowings	20,773	18,919	20,076	273,776	39,165	372,709
Trade and other payables	30,984	-	-	-	-	30,984
Other liabilities	4,609	-	-	-	-	4,609
Payables to related parties and shareholders	225	-	-	-	-	225
	56,591	18,919	20,076	273,776	39,165	408,527

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 18: FINANCIAL INSTRUMENTS (Cont.)

Capital management:

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.
The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group is not subject to any externally imposed capital requirements.

No changes were made in the objectives, policies or processes during the years end December 31, 2014 and December 31, 2013.

The gearing ratios at 31 December 2014 and 31 December 2013 were as follows:

	2014	2013
	Euro in thousands	
Non current interest bearing loans and borrowings	312,795	349,119
Current liabilities	11,599	21,331
Less cash and short term deposits	(9,736)	(24,192)
Net debt	314,658	346,258
Equity	255,029	160,131
Total capital	569,687	506,390
Gearing ratio	55.2%	68.4%

Fair value of financial instruments and non financial instruments:

Fair value of financial instruments carried at amortised cost:

The directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

Fair value measurements recognised in the statement of financial position:

The financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 2 and 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements marketable securities are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements (swaps) are derived from inputs other than quoted prices that are observable for those instruments directly (i.e. as prices).
- Level 3 fair value measurements (available-for-sale investment – unquoted equity share) are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 18: FINANCIAL INSTRUMENTS (Cont.)

Fair value measurements recognised in the statement of financial position (Cont.):

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
	Euro in thousands			
Non - Financial assets:				
Investment properties (see note 5)	-	-	584,332	584,332
Available-for-sale financial assets				
Unquoted equity shares [a]	-	-	2,456	2,456
Hedging instruments:				
Foreign currency exchange instruments	-	774	-	774
Financial Assets carried at fair value through profit or loss				
Marketable securities [b]	1	-	-	1
Total	1	774	586,788	587,563
Financial liabilities				
Derivative instruments - swaps [c]	-	5,055	-	5,055

(a) The change in unquoted equity shares from December 31, 2014 resulted mainly from the sale of a 50% financial participation for amount of €1.1 million. During 2014 the Group has recorded an increase in value of investment in the unquoted equity in the amount of €569 thousand (During 2013: €355 thousand) presented in other comprehensive income – net profit (loss) arising on revaluation of available for sale financial asset.

(b) In November 2014 the Company sold its securities of Summit Real Estate Holdings to a related party at fair value, the proceeds used to finance partly repayment of the shareholders loan as detail in note 13.
During 2014, the Group recorded income from Marketable Securities in the amount of €1.3 million (During 2013: €4.4 million).

(c) Derivative instruments:

While entering the original credit facilities in 2006, the Group contracted hedging instruments under the form of "Interest rate swaps" at a fixed rate of 0.9%-1.2% up to the initial repayment date.

The interest rate swap agreements had been contracted in order to protect the Group from an increase in the interest rate. The interest rate swaps meets the criteria of hedging instrument under IAS 39 and are therefore reported at fair value through other comprehensive income.

The calculation of fair value for derivative financial instruments depends on the type of instruments: Derivative interest rate contracts – The fair value of derivative interest rate contracts (e.g., interest rate swap agreements) are estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 18: FINANCIAL INSTRUMENTS (Cont.)

Fair value measurements recognised in the statement of financial position (Cont.):

(c) Derivative instruments (Cont.):

Following the refinancing of the major 3 credit facilities of the group (as detailed in note 1), the Group contracted new hedging instruments under the form of "Interest rate swaps" at a fixed rate of 0.9%-1.2% from the initial repayment date to the new repayment date at the end of 2021.

€1,086 thousand (2013: €12,316 thousand) of the balance is presented in current liabilities, and €3,969 thousand in non-current liabilities (2013: €407 thousand in other long-term financial assets).

	December 31, 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
	Euro in thousands			
Non - Financial assets:				
Investment properties (see note 5)	-	-	501,154	501,154
Available-for-sale financial assets				
Unquoted equity shares	-	-	2,962	2,962
Hedging instruments:				
Foreign currency exchange instruments	-	1,236	-	1,236
Derivative instruments	-	407	-	407
Financial Assets carried at fair value through profit or loss				
Marketable securities	9,345	-	-	9,345
Total	9,345	1,643	504,116	515,104
Financial liabilities				
Derivative instruments - swaps	-	(12,316)	-	(12,316)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 19: OPERATING LEASE

Operating Lease– Group as Lessor

The Group has entered into commercial property leases on its investment property portfolio. These non-cancellable leases have remaining average terms of between 1 and 20 years (the average non-cancellable lease length is 4 years). The majority of the leases include a clause to enable upward revision of the rental charge on an annual basis according to the price index or a fixed increase rate.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	Euro in thousands	
	For the year ended December 31, 2014	For the year ended December 31, 2013
Within one year	46,559	35,439
After one year but not more than five years	112,376	86,595
More than five years but not more than ten years	39,423	34,552
More than ten years but not more than fifteen years	4,136	5,050
More than fifteen years	1,699	78
	204,193	161,714

The increase in future minimum rentals receivable is mainly due to the acquisition of a portfolio of 11 commercial properties as detailed in Note 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 20: SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

A. Distribution of Dividends

After the reporting date, the Company distributed dividend of 1.2c per share and announced additional dividend of 0.77 cent per share. For further details please see note 11(e).

B. After the reporting date, the Company successfully completed a capital raise of €120 million through a placing on the AIM Market of London Stock Exchange. For further details please see note 11(d).

C. In March 2015, the Group successfully completed the financing of 9 out of 11 commercial properties by a German bank amounting to €33m of which €2.5m are subject to the future extension of certain leases, with a seven year facility at an interest rate of 1.96% interest rate. See also note 5(D).

The new loans have been provided under the following terms:

- A 7 years term with an amortization rate of 3% resulting in a repayment amount of approximately €24 million in March 31, 2022.
- LTV (Loan to Value) covenant of 65% should apply.
- Debt service coverage ratio ("DSCR") was fixed at 125%.
- WAULT -a weighted average lease remaining term (WAULT) of at least 3 years has to be kept throughout the term of the loan.

D. After the reporting date, the SHL loan, as described in note 13 was fully repaid.

E. Disposals

On January 26, 2015 a Group subsidiary sold a real estate asset located in Baiersbronn. The asset was vacant since July 2013, and yielded a rent income in 2013 of €35 thousands. The real estate asset was sold at its book value.

On February 10, 2015 a Group subsidiary sold an asset in Selters, Germany, for its book value. The property of approximately 3,736 sqm was for retail use, the net rental income in 2014 was €145 thousand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 21: THE COMPANY'S HOLDINGS AS OF DECEMBER 31, 2014

	Principal activity	Country of incorporation	Direct and indirect holdings %
Summit Finance Limited	Intermediate holding company	Guernsey	100%
Neston (International) Limited	Intermediate holding company	Gibraltar	100%
Summit Luxco s.a.r.l	Intermediate holding company	Luxembourg	100%
Summit LoanCo LTD	Inter group financing company	Guernsey	100%
Gallia invest Sarl	Inter group financing company	Luxembourg	100%
Summit Stern Guernsey Ltd.	Intermediate holding company	Guernsey	100%
Summit RE Two GmbH	Intermediate holding company	Germany	100%
Summit Real Estate Gold GmbH	Intermediate holding company	Germany	94.8%
Summit Re One GmbH	Intermediate holding company	Germany	100%
Summit Real Estate Silver GmbH	Intermediate holding company	Germany	94.8%
Summit RE Three GmbH	Intermediate holding company	Germany	100%
Summit Real Estate Bronze GmbH	Intermediate holding company	Germany	94.8%
Summit Real Estate Magdebug GmbH (*)	Intermediate holding company	Germany	100%
Summit Real Estate Hauau GmbH (*)	Intermediate holding company	Germany	100%
Summit RE Four GmbH	Inter group financing company	Germany	100%
Summit RE Five GmbH	Intermediate holding company	Germany	100%
Summit Real Estate Platinum GmbH	Shelf company	Germany	94.8%
Summit Real Estate Titanum GmbH	Shelf company	Germany	94.8%
M.S.C Objekt Magdeburg GmbH & (*)	Real Estate company	Germany	99.7%
M.S.C Objekt Hanau GmbH (*)	Real Estate company	Germany	99.7%
RE One Finance GmbH	Inter Group Financing company	Germany	100%
RE Tree Finance GmbH	Inter Group Financing company	Germany	100%
Summit Real Estate Hirundo GmbH	Shelf company	Germany	94.8%
Summit Real Estate Blue GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Orange GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Yellow GmbH	Real Estate company	Germany	99.7%
Summit Real Estate White GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Red GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Purple GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Black GmbH	Real Estate company	Germany	99.7%
Summit RE GmbH & Co. Black 1KG	Real Estate company	Germany	99.7%
Summit RE GmbH & Co. Black 2KG	Real Estate company	Germany	99.7%
Summit RE GmbH & Co. Black 3KG	Real Estate company	Germany	99.7%
BDPE S.a.r.l (*)	Real Estate company	Luxembourg	99.7%
Summit Real Estate Cammarus GmbH	Intermediate holding company	Germany	99.7%
Summit Real Estate Brown GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Indigo GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Maroon GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Lime GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Azure GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Alpha GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Lilac GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Delta GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Gamma GmbH	Real Estate company	Germany	99.7%
Lommy GmbH	Real Estate company	Germany	99.7%

(*) From December 2012 these companies weren’t included in the consolidated financial statements of the company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 21: THE COMPANY'S HOLDINGS AS OF DECEMBER 31, 2014 (Cont.)

	Principal activity	Country of incorporation	Direct and indirect holdings %
Summit Real Estate Amber GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Lavender GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Magenta GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Ruby GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Epsilon GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Krypton GmbH	Real Estate company	Germany	99.7%
Summit Real Estate BOS GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Delphinus GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Formica GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Grey GmbH	Real Estate company	Germany	99.7%
Grundstucksgesellschaft Gewerbepark Hansalinie GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Kappa GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Lupus GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Omega GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Papilio GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Salmo GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Ursus GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Zeta GmbH	Real Estate company	Germany	99.7%
Gadelander Str. 77 Projekt GmbH	Real Estate company	Germany	99.7%
Cottbuser Str. 1 Projekt GmbH	Real Estate company	Germany	5.2%
Summit Real Estate Camelus GmbH	Real Estate company	Germany	99.7%
Summit Real Estate Hamburg GmbH	Real Estate company	Germany	99.7%
Deutsche Real Estate AG	Intermediate holding company	Germany	78.47%
Summit Real Estate Lambda GmbH	Intermediate holding company	Germany	100%
W2005 Projectpauli GmbH	Intermediate holding company	Germany	99.33%
W2005 Pauli 1 BV	Intermediate holding company	Netherlands	94.90%
DRESTATE Objekt Berlin, Friedrichstraße GmbH & Co. KG	Real Estate company	Germany	78.47%
GET Grundstücksgesellschaft mbH	Intermediate holding company	Germany	47.08%
DRESTATE Objekt Hamburg, Mendelssohnstraße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Stuttgart, Rosensteinstraße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Berlin, Hauptstraße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Düsseldorf, Bonner Straße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Limburgerhof, Burgunderplatz GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Ludwigshafen, Carl-Bosch-Straße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Böblingen, Otto-Lilienthal-Straße GmbH & Co. KG	Real Estate company	Germany	78.47%
GbR Heidelberg, Mannheimer Straße	Real Estate company	Germany	68.66%
DRESTATE Objekte Erste GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Saarbrücken, Kaiserstraße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Saarbrücken, Hafenstraße GmbH & Co. KG	Real Estate company	Germany	78.47%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 21: THE COMPANY'S HOLDINGS AS OF DECEMBER 31, 2014 (Cont.)

	Principal activity	Country of incorporation	Direct and indirect holdings %
DRESTATE Objekt Berlin-Teltow, Potsdamer Straße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Norderstedt, Kohfurth GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekte Hamburg Vierundzwanzigste GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekte Zweite GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt München, Maria Probst Straße GmbH & Co. KG	Real Estate company	Germany	78.47%
Achte TAXXUS Real Estate GmbH	Intermediate holding company	Germany	78.47%
DRESTATE Objekt Seesen, Rudolf-Diesel-Straße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Carreé Seestraße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Services GmbH	Real Estate company	Germany	78.47%
Objekt Verwaltungs GmbH Deutsche Real Estate	Intermediate holding company	Germany	39.24%
DRESTATE Objekte Dritte GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekte Vierte GmbH & Co. KG	Real Estate company	Germany	78.47%
Deutsche Shopping GmbH & Co. KG	Intermediate holding company	Germany	78.47%
Verwaltungsgesellschaft Objekte DRESTATE mbH	Intermediate holding company	Germany	39.24%
K-Witt Kaufzentrum Wittenau GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Worms, Am Ochsenplatz GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Gießen-Linden, Robert-Bosch-Straße GmbH & Co. KG	Real Estate company	Germany	78.47%
K-Witt Kaufzentrum Wittenau II GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Hamburg, Osterfeldstraße GmbH & Co. KG	Real Estate company	Germany	48.97%
DRESTATE Objekt Hamburg Pinkertweg GmbH	Real Estate company	Germany	78.47%
Grit 68. Vermögensverwaltungs GmbH	Intermediate holding company	Germany	78.47%
Verwaltung K-Witt Kaufzentrum Wittenau II GmbH	Intermediate holding company	Germany	78.47%
Beteiligungsgesellschaft Pinkertweg GmbH & Co. KG	Intermediate holding company	Germany	78.47%
Verwaltungsgesellschaft DRESTATE mbH	Residual Company	Germany	78.47%
DRESTATE Wohnen GmbH	Residual Company	Germany	78.47%
Verwaltungsgesellschaft Deutsche Real Estate mbH	Residual Company	Germany	78.47%
Object Verwaltungsgesellschaft 2013 Drestate mbH	Intermediate holding company	Germany	39.24%
DRESTATE Finance GmbH	Inter group financing company	Germany	78.47%
BAKOLA Miteigentumsfonds I Objekt Duisburg - Averdunk	Financial Participation	Germany	54.98%

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