Report And Accounts June 2016

SUMMIT
Germany Ltd

INDEX

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Deutsche Med, Rostock

Financial highlights

Summit Germany Limited

2016 Half Year Results

We are pleased to present the interim results for the six months ended 30 June 2016 for Summit Germany Ltd and its subsidiaries (“the Group”).

In the first six months of 2016, we have completed acquisitions exceeding €40m of fully-let, well located assets, which made an immediate contribution to both net rent and Funds from Operations (FFO), and have added interesting opportunities to enhance returns and unlock value through our intensive asset management in the near future.

The refinancing of existing facilities through new ten-year credit facilities totalling €73m have allowed us to secure a fixed low interest rate over the long term underpinning the long term stable cash flow of the portfolio.

We have cash on hand to finance further portfolio growth and will continue to appraise prospective additions. We will however maintain our strict acquisition criteria of focusing on assets with strong income characteristics, or where we see genuine potential to apply our asset management skills to unlock latent value.

H1 2016 Highlights:

Results

- Net rental income up 31% to €28.9m (H1 2015: €22.1m, FY 2015: €49.6m)
- Gross profit increased 28% ahead y-o-y to €26.7m (H1 2015: €20.9m, FY 2015: €45.8m)
- FFO increased 48% to €18.2m (H1 2015: €12.3m, FY 2015: €28.8m)
- Profit Before Tax (PBT) of €9.6m (H1 2015: €2.3m loss, FY 2015: €70.9m)
- Net profit of €8.2m (H1 2015: €2.9m net loss, FY 2015: €63.5m)
- Earnings Per Share (EPS) of 1.6 cents (H1 2015: 0.8 cents loss, FY 2015: 13.3 cents)
- EPRA Net Asset Value (NAV) of €432.6m (FY 2015: €427.5m)

Portfolio development

- Investment portfolio with a Net Market Value of €772m (FY 2015: €735m). More details on note 4
- Portfolio consists of 102 properties with 887,000 sqm of lettable area at ca. 87% occupancy
- Over €40m of new property acquisitions during H1 2016
- Disposals of properties totalling €3.6m at book value and €1.3m disposal post period end
- New JV project to deliver 60 residential units in Berlin

Financing

- €29m of new ten-year debt secured on the recent acquisitions from German banks at a fixed blended interest rate of 2.09% p.a. and 2.68% p.a. amortisation.
- €40m debt facility to refinance a €24m loan of a property complex in Stuttgart provided by two German lenders for a ten-year term at a fixed interest of 2.25% p.a. and 4.15% p.a. amortisation.
- Further €3.85m debt to refinance an additional property within the Stuttgart complex was secured post the period end, provided for a ten-year term at a fixed interest of 2.1% p.a. and 3.5% p.a. amortisation.

Dividend

Post reporting period the Group announced and paid its first dividend for 2016 in the amount of €4.65m, reflecting 1.00 cent per share. We intend to keep paying quarterly dividends.

Harry Hyman, Chairman commented: "I'm very pleased to report another solid half which supports a further increase in the dividend. The new credit facilities at historically low fixed interest rates secure our long term cash flows, while recently completed and ongoing portfolio initiatives should underpin attractive returns for our shareholders over the next few years."

Zohar Levy, Managing Director commented: "These results provide more evidence of consistent delivery in line with our stated investment and growth strategy, in a dynamic real estate market backed by one of the world's most stable economies. The new assets acquired in the first half have enhanced the quality of our portfolio and tenant complement. With our well-established, proven portfolio investment and management, we expect to be able to continue and ratchet up portfolio and shareholder returns".

Rahmhof, Schillestrasse 5, Frankfurt

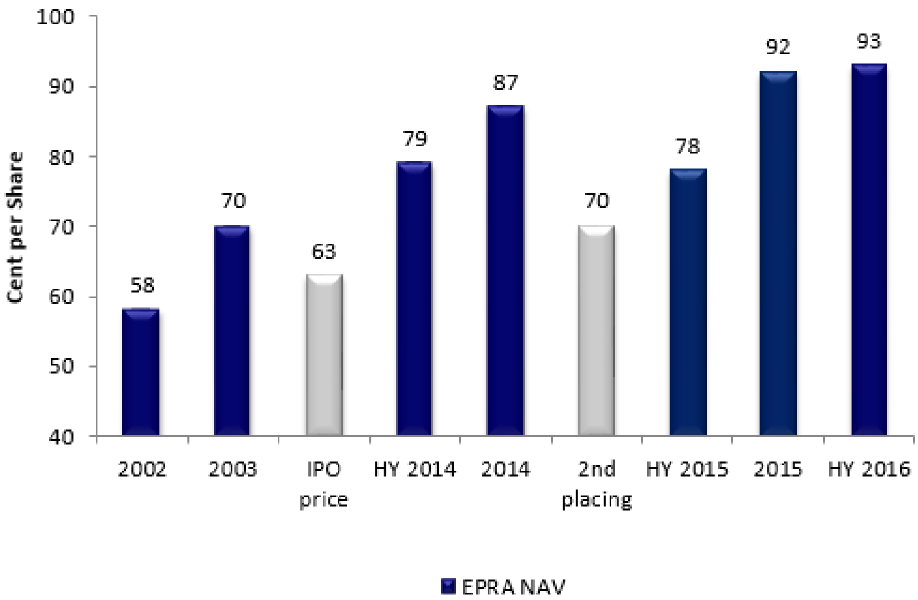
Chairman’s and Managing Director's Report

Chairman's and Managing Director's Report

We are pleased to present the Group results for the six months ended 30 June 2016.

These figures reflect a robust performance from our portfolio, while profitability and FFO were enhanced by contributions from the initial rents from the €40.5m of fully-let, well located assets acquired during the first quarter. These immediately benefited our bottom line.

EPRA NAV at the end of June 2016 was slightly ahead over the first six months at €432.6m (FY 2015: €427.5m). There was however, no external valuation at the half-year. The increase reflects an FFO contribution of €18.2m, mostly offset by a revaluation loss of €6.9m related to an asset in Hamburg (see below) and the €4.42m payment of the final quarterly dividend for FY 2015 announced at the end of the first quarter of 2016. EPRA NAV per share was also slightly ahead at 93c (FY 2015: 92c).



The above mentioned revaluation loss relates to the reappraisal of one specific property in Hamburg, where the tenant will not renew its lease at expiry. The valuers updated their appraisal to reflect required repairs and new letting assumptions and determined that value should be marked down by €6.9m. We believe that this negative impact is a specific adjustment to this property, as the property is well located and the planned refurbishment will bring it up to a very high standard.

The Net Market Value (NMV) of the portfolio as at 30 June 2016 was €772.3m (FY 2015: €735.3m). The increase during the first half mainly reflects the new acquisitions, net of disposals of smaller properties and assets held for disposal.

Portfolio growth targets high quality assets and strong tenants

Our core strategy is focused on improving profitability and cash flow via the acquisition and active management of a portfolio of German commercial properties. We target high quality assets let to strong tenants, which generate sustainable net rent and enable us to steadily build net cash flow and generate growing FFO.

We believe that our key differentiator and source of competitive advantage is our in-house asset management platform. This combines an experienced team with a proven ability to identify and capitalise upon market opportunities as they arise, supported by state-of-the-art systems. Our team has the expertise to manage newly acquired and longer held portfolio assets, and work closely and creatively with tenants to improve net returns for our shareholders.

The benefit of acquisitions completed during H2 2015 and H1 2016 is reflected in the reported 31% year-on-year increase in rental income to €28.9m in the period to end June 2016 (H1 2015: €22.1m, FY 2015: €49.6m), and a 28% increase in gross profit to €26.7m.

Rental growth is attributable to the stable performance of the underlying portfolio - in place at the end of June 2015 – plus the initial contributions from newly acquired properties in each of the following six-month periods. The €40.5m of acquisitions completed during the interim period will make their first full contribution in H2 2016.

This also contributed to the operating profit of €14.7m, which was just 3.5% ahead of the prior six-month period (H1 2015: €14.2m, FY 2015: €92.7m) due to the temporary (non-cash) adjustments to the fair value of the investment portfolio of €8.8m. On a cash basis, however i.e. adding back the (non-cash) adjustments, operating profit was €23.5m (H1 2015: €17.6m, FY 2015: €37.4), 34% ahead of the corresponding period last year.

As recent acquisitions have been funded from existing cash resources and debt facilities, all at historically low fixed interest levels, rental growth flowed through to cash profit and contributed to the FFO. The FFO continued to grow steadily in H1 2016 and amounted to €18.2m, 48% ahead of the equivalent period last year (H1 2015: €12.3m, FY 2015: €28.8m). FFO per share increased to 3.9 cents (H1 2015: 2.8 cents, FY 2015: 6.4 cents) despite the increase in weighted average shares in issue.

FFO	**€'mm**
Gross profit	26.7
G&A expenses	-3.5
Interest expenses, net	-5.0
FFO	**18.2**
Weighted ave. amount of shares (million)	465
FFO per share (cents)	**3.9**

We regard cash generation and moreover, FFO as the most meaningful indicator of portfolio performance, as it illustrates our ability to finance portfolio growth, asset management and a progressive dividend. The increase in FFO puts us in a strong position to cover capex on our existing assets and financial expense, including agreed debt amortisation.

The increase in FFO also contributed to higher PBT at €9.6m for the first six months of the current year (H1 2015: €2.3m loss, FY 2015: €70.9m). Future profits will benefit as well from lower cost of funding recently refinanced debt.

PBT	€'mm
Gross profit	26.7
G&A expenses	-3.5
Fair value adjustments of investment properties	-8.8
Financial expenses (net)	-5.1
Other	0.3
Profit Before Taxes	**9.6**

EPS was ca. 11.1% lower year-on-year at 1.6 cents (H1 2015: 1.8 cents and FY 2015: 15.9 cents adjusted for non-recurring costs), that was due in part to the 7% increase in weighted average shares in issue to 465m (H1 2015: 434m shares, FY 2015: 450m shares).

EPS	€'mm
Net profit	7.7
Average no. of shares (million)	465
Earnings Per Share (cents)	**1.6**

Finance costs reduced as new debt facilities are secured

We continue to look at opportunities to reduce borrowing costs on a long term basis and retain flexibility to adjust our debt profile, in order to take advantage of changes in lender criteria. We may, for example, see an advantage in agreeing to borrow at lower LTV or higher amortisation, if it results in lower fixed cost repayments over a longer term, or in less restrictive loan covenants.

Progress during the first half included attractive financings of new acquisitions (further described below) and the refinance of a bank loan secured upon our property complex in Stuttgart, where the existing ca. €24m facility was replaced by a new €40m ten-year debt provided by a German lender at a fixed 2.25% interest rate and 4.15% annual amortisation rate. In August, post the half-year end, a further €3.85m of new debt was agreed with the same lender also secured on this office complex. This new facility also has a ten-year term and was agreed at 2.1% p.a. fixed interest and 3.5% p.a. amortisation rate.

The table below sets out the main details of the Group facilities at the end of June 2016 which reflect a low average interest rate of 2.78% (H1 2015: 2.92%):

Credit Facility	Financing Date		Loan Amount (€mn)	Interest	Amort'	Market Value (€mn)	Loan to Value		DSCR Ratio	
	Start	Maturity					Cov'	Actual	Cov'	Actual
1	12.2014	12.2021	82	3.14%	2.00%	174.2	70%	47%	NR	NR
2	12.2014	12.2021	148	3.14%	2.00%	277.8	75%	53%	NR	NR
3	03.2015	03.2022	30	2.00%	3.00%	64.2	65%	46%	125%	291%
4	11.2013	11.2018	22	2.66%	2.00%	35.0	75%	64%	145%	167%
5	10.2012	12.2021	5	e+1.75%	3.00%	11.3	NR	NR	125%	287%
6	10.2012	02.2019	11	e+1.75%	2.65%	15.5	NR	NR	125%	225%
7	1.2016	1.2026	10	1.80%	3.00%	14.5	NR	NR	NR	NR
8	3.2016	3.2026	18	2.26%	2.50%	25.2	NR	NR	NR	NR
9	4.2016	3.2026	40	2.25%	4.15%	52.1	NR	NR	NR	NR
Other			2			0.0	NR	NR	NR	NR
Unpledged Properties						102.6				
			367.9			**772.3**	**48%**			

Property portfolio overview

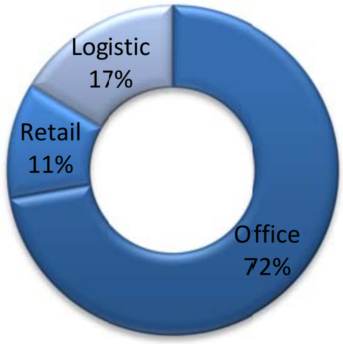
The Group portfolio at the end of June 2016 comprised a net lettable area of ca. 887,000 sqm on approximately 1,422,000 sqm of land. The net annualised rent roll of the aggregate portfolio was €60.3m at that date. That is equivalent to 7.8% p.a. net yield, generated from 102 properties with ca. 650 tenants. Rent is either linked to CPI or subject to agreed fixed uplifts.

Assuming full occupancy, the portfolio would generate ca. €69m p.a. net, which would be equivalent to an 8.9% p.a. yield on current book value. Current aggregate portfolio occupancy is ca. 87% and includes assets held for redevelopment at a future date.

Type	No. of Assets	Land Size (sqm'000)	Lettable Area (sqm'000)	Vacant Area (sqm'000)	Net Rent (€mn)	Rent/sqm/month	Capital Value (€/sqm)	Yield
Office	52	659	541	76	44	7.8	1,060	7.6%
Retail	33	223	89	17	7	7.9	937	8.2%
Logistic	17	540	257	21	10	3.5	448	8.6%
Total	**102**	**1,422**	**887**	**114**	**60**	**6.5**	**871**	**7.8%**

The majority of the current portfolio was acquired in 2006-7 and 82% of the income is derived from strong tenants. It is multi-let with no dependency on key tenants. It is as well diversified from sector and geographical perspectives, as further illustrated below.
In line with our strategy to focus on the office segment, offices have become by far the largest component of the portfolio, comprising 74.3% of the NMV and 72.2% of the Net Rent as at end June 2016 (H1 2015: 66.1% and 63.1% respectively).

Offices	Logistic	Retail	Total NMV
573.7	115.0	83.5	772.3
74.3%	14.9%	10.8%	100%



Net Rent by Sector

The average rent/sqm per month is set out in the table below, with comparison between distinct commercial sectors.

	Offices		Logistic		Retail	
	6.2016	2005	6.2016	2005	6.2016	2005
€/sqm/month	7.8	7.9	3.5	3.4	7.9	7.9
Range in €	(4.2-20.4)	(4.1-20.1)	(2.4-5.2)	(2.3-5.2)	(4.0-25.7)	(3.9-25.7)

Geographically, the portfolio is located mainly in Germany's key commercial centres. More than half of the portfolio's income is derived from Germany's four main cities, Berlin (19%), Frankfurt (15%), Hamburg (12%) and Stuttgart (10%), with another 9% from Cologne, Dusseldorf and Munich combined. The largest ten properties account for 35% of the portfolio's income and 82% of the lettable area is in the former West Germany.

The Group is engaged in residential projects in Berlin, carried out by joint-ventures (JV) with an experienced specialist developer, as further explained below. These JVs seek to create product suitable to meet strong and growing demand for residential apartments in Berlin. It provides an opportunity to use surplus land within existing sites and convert commercial assets for residential use, although it will also finance purchase of land for this purpose. The Group typically receives interest on the funds loaned to the JVs and a share of the project profit from sales of residential units.

Acquisition strategy remains on track, subject to strict return targets

We have cash on hand to finance further portfolio growth and we continue to appraise potential additions; however, we will maintain our strict acquisition criteria focusing on assets with strong income characteristics at prices which in our view are below open market value, or where we see genuine potential to apply our asset management skills to unlock latent value.

Further to that, we have identified opportunities to increase net rental income and unlock capital value through intensive asset management. This may include using own resources for refurbishment and redevelopment over the short and medium term.

Details of the properties acquired in the first half are set our below. We committed €40.5m to the purchase of three office properties and see all as excellent strategic fit, well-located and with stable income. They were acquired based on our view that they represent attractive capital values. As the consideration was settled with a combination of cash and long term secured debt at all-in low fixed rates and agreed loan amortisation, the transactions made an immediate positive contribution to the Group’s cash flow in the first half of the year, although the full benefit will be reflected in H2 2016.

Date of Acquisition	Details	Rent (€'mm)	Debt Service (€'mm)	CoC / FFO Yield
1 February 2016	Offices in Munich and Duisburg	1.2	0.5	15.0% / 22.4%
24 March 2016	Offices in Frankfurt, Oberursel	1.8	0.9	13.0% / 19.4%

More detail on the individual assets acquired is set out below.

Munich/Duisburg

In February we completed the acquisition of two office properties in Munich and Duisburg. These added ca. 12,000 sqm of lettable space to the portfolio which is currently fully let to several strong tenants with a 6.5 years weighted average unexpired lease term (WAULT).

These two assets generate ca. €1.2m p.a. of aggregate net rent and were financed from a combination of existing cash and a new €10.5m ten-year debt facility provided by a German bank. The interest rate has been fixed at 1.8% p.a. for the duration of the loan together with 3% p.a. amortisation resulting in a 15% cash return on invested equity, and a remarkable 22.4% FFO return.

Frankfurt, Oberursel

In March we completed the purchase of an office building complex in Oberursel, a prosperous suburb of Frankfurt. This complex consists of ca. 18,000 sqm of lettable space on a ca. 19,000 sqm site, centrally located in a residential area.

The complex generates net rent and NOI of ca. €1.8m and is fully let to a listed German construction industry company with a strong credit rating. It occupies ca. 60% of the space as its headquarters, with the remainder sublet to other tenants. The WAULT for the entire building is 11.4 years' duration.

This acquisition was financed from existing cash, and a new ten-year €18.5m debt facility provided by a German bank, at a 2.26% fixed interest rate and 2.5% annual amortisation. The terms of this transaction are equivalent to a 13% cash return on invested equity and a 19.4% FFO return.

Our preliminary assessment of this asset's potential indicates that the existing plot contains space for residential development. In addition, it will be feasible to convert part of the existing office space when vacated into residential units, to create additional value.

Asset sales remain a core component of portfolio strategy

Part of our investment strategy includes disposals of small and non-strategic properties, in order to improve the portfolio's overall profile and prospects. We sold four small assets in H1 2016 for ca. €3.6m, all at prices within range of their book value.

This both improves the underlying strength of our portfolio and releases cash which we will progressively reinvest in assets with better growth prospects in strong locations.

New residential development in Berlin

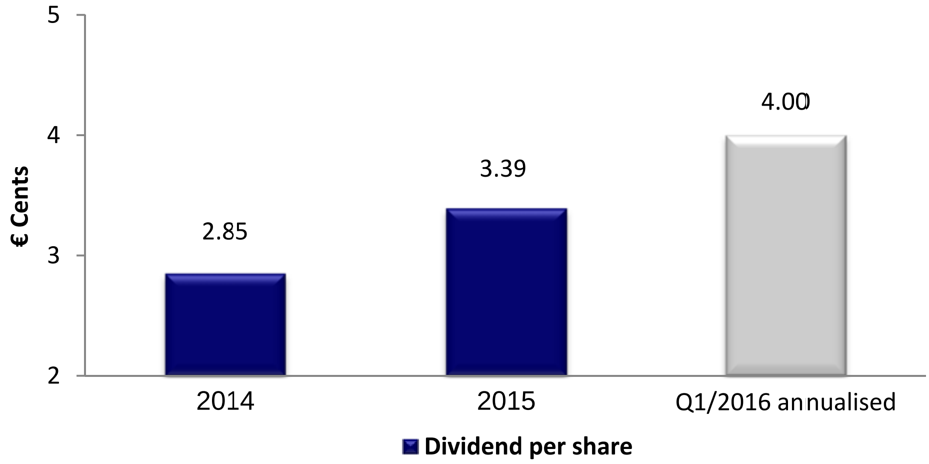
In May we announced that we had engaged in a new joint venture for the development of a residential project in Berlin. This JV has acquired an existing building which it intends to convert into 60 apartments. The anticipated investment for the entirety of this latest project is €18m, and sales of apartments are expected to generate revenues of €23m.

This is the latest in a series of JVs which seek to capitalise upon the ongoing demand for residential property in Berlin. The projects, both those already in progress or under consideration are all located in high demand residential neighbourhoods.

The first project is 98% sold, with presales for the second and third projects at 85% and 52% respectively. Our fourth JV project is in its preliminary stages and further development schemes are under consideration. More detail on this is set out in Note 13a of these accounts.

Dividend

The Group has paid quarterly dividends at increasing rates since listing, most recently 1.00 cents per share in August 2016 in respect of the first quarter of the current year, reflecting an annualised dividend yield of 5.71% on the 2015 placing share price of 70 cents.



The Group anticipates announcing an increased distribution for Q2 2016, in line with the strategy set out in previous statements.

Outlook

We are particularly excited by the potential to extract significant value from our most recent acquisitions. We remain very comfortable with the outlook for German commercial property and the potential to further expand our portfolio, although the rate of acquisition led growth is difficult to predict, as we will only pursue assets which we believe can deliver our total return criteria.

Our strategy does not rely on the underlying market for portfolio growth. We have seen significant variance in reported growth in commercial rental values between regions during the first half of the year. Two of Germany's top seven office locations reported higher average market rents in H1 2016 while the others were broadly flat. We nonetheless expect many of our specific asset locations to benefit from improving regional markets and although reported growth in asset values has been more moderate recently, performance at the property level has been robust. Therefore, we still anticipate further rent increases and yield compression driven by active asset management, which will benefit portfolio value and cash flows.

Germany is regarded as one of the world's most stable real estate investment markets. Although domestic commercial property investment volumes during the first half were some 14% below the same period last year, the performance within the underlying markets which represent our core focus has been very stable.

It has also been largely unaffected by recent EU crises and whilst we clearly intend to track Brexit negotiations very closely, we do not currently intend to alter our investment strategy or expect Brexit to materially impact occupancy or investment decisions. There is undeniable potential for the UK's decision to unsettle investment markets, but we have not seen any impact on our portfolio so far. Indeed, we see an argument for Germany's core office markets to increase demand for space over the next few years if international firms decide to relocate all or a proportion of their operations from London to German financial centres.

We remain committed to further portfolio growth through acquisition, refurbishment and redevelopment and have cash available for this purpose. In spite of lenders' willingness to provide further debt, we retain a relatively conservative financing strategy, limited to low LTV and rent income underpinned by strong covenants.

We remain confident in our ability to deliver attractive income and capital returns for our shareholders by capitalising on the Group's existing assets, and the experience of a talented asset management team to take advantage of opportunities in one of the world's prime real estate markets.

Harry Hyman
Chairman

Zohar Levy
Managing Director

27 September 2016

Hafenstr. 16. Saarbruken

Group Financial statements

INDEPENDENT REVIEW REPORT TO SUMMIT GERMANY LIMITED

We have been engaged by the Company to review the condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 30 June 2016 which comprises the condensed consolidated statement of financial position, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and related notes 1 to 13. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the AIM rules of the London Stock Exchange.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European union and the AIM rules of the London Stock Exchange.

Deloitte LLP
Chartered Accountants
Guernsey, Channel Islands
27 September 2016

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	June 30		December 31,
		2016	2015	2015
		(Unaudited)		(Audited)
		Euro (in thousands)		
ASSETS				
NON-CURRENT ASSETS:				
Investment properties	4	770,960	582,394	731,748
Other long-term assets	5	7,266	10,867	13,191
Deferred tax asset		875	506	485
Total non-current assets		779,101	593,767	745,424
CURRENT ASSETS:				
Cash and cash equivalents		40,461	97,182	33,583
Trade receivables, net		1,562	1,350	1,584
Prepaid expenses and other current assets	6	19,524	8,634	7,249
Receivables from related parties	8	80	220	243
Investment property held for sale		1,338	-	3,582
Total current assets		62,965	107,386	46,241
Total assets		842,066	701,153	791,665

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	June 30 2016	June 30 2015	December 31, 2015
		(Unaudited)		(Audited)
		Euro (in thousands)		
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	12	(*) -	(*) -	(*) -
Distributable reserve		393,558	405,756	397,981
Reserves due to transactions with principal shareholder		2,216	2,216	2,216
Net unrealized gain (loss) reserve		(6,344)	351	(2,190)
Retained gain (losses)		19,142	(52,150)	11,477
Equity attributable to the owners of the Company		408,572	356,173	409,484
Non-controlling interests		15,410	11,382	15,218
Total equity		423,982	367,555	424,702
NON-CURRENT LIABILITIES:				
Interest-bearing loans and borrowings	7	353,107	297,189	316,765
Other long-term financial liabilities	5	1,942	2,156	2,052
Derivative financial liabilities	9	9,031	649	3,614
Deferred tax liability		14,109	7,024	13,377
Total non-current liabilities		378,189	307,018	335,808
CURRENT LIABILITIES:				
Interest-bearing loans and borrowings	7	10,050	6,073	7,075
Derivative financial liabilities	9	1,735	1,197	1,478
Payables to related parties	8	2,657	3,420	2,350
Current tax liabilities		65	67	89
Trade and other payables		25,388	15,823	20,163
Total current liabilities		39,895	26,580	31,155
Total liabilities		418,084	333,598	366,963
Total equity and liabilities		842,066	701,153	791,665
NAV/Share (cent)	12(d)	88	77	88
EPRA NAV/Share (cent)	12(d)	93	78	92

(*) No par value.

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

September 27, 2016		
Date of approval of the financial statements	Zohar Levy Managing Director	Itay Barlev Finance Director

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Six months ended June 30 2016	Six months ended June 30 2015	Year ended December 31, 2015
		(Unaudited)	(Unaudited)	(Audited)
		Euro (in thousands)		
Rental income		28,909	22,140	49,578
Operating expenses		(2,226)	(1,285)	(3,824)
Gross profit		26,683	20,855	45,754
General and administrative expenses		(3,479)	(3,258)	(6,784)
Fair value adjustments of investment properties	4	(8,816)	(3,366)	55,293
Other income (expenses)		330	(4)	(1,588)
Operating profit		14,718	14,227	92,675
Financial income	10	612	925	1,314
Financial expenses	10	(5,736)	(17,402)	(23,060)
Total financial expenses		(5,124)	(16,477)	(21,746)
Profit (Loss) before taxes on income		9,594	(2,250)	70,929
Tax expenses		(1,425)	(602)	(7,462)
Profit (Loss) for the period/year		**8,169**	**(2,852)**	**63,467**
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		-	(170)	(46)
Reclassified to profit and loss of ineffective hedging reserve, net		-	3,596	3,596
Net (loss) gain on hedging instruments entered into for cash flow hedges		(4,816)	2,839	(181)
Other comprehensive (loss) income for the period/year, net of tax		(4,816)	6,265	3,369
Total comprehensive income for the period/year		**3,353**	**3,413**	**66,836**
Profit (loss) attributable to:				
Owners of the Company		7,665	(3,556)	60,071
Non-controlling interests		504	704	3,396
		8,169	(2,852)	63,467
Total comprehensive income attributable to:				
Owners of the Company		3,511	2,357	63,443
Non-controlling interests		(158)	1,056	3,393
		3,353	3,413	66,836
Earnings (loss) per share:				
Basic (Euro per share)	11	0.016	(0.008)	0.133
Diluted (Euro per share)		0.016	(0.008)	0.133

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to owners of the Company								
	Issued capital	Share premium	Distribution Reserve (Note 12)	Reserves due to transactions with principal shareholder	Net unrealized loss reserve	Retained Earnings	Total equity attributable to owners of the Parent company	Non-Controlling interests	Total equity
	Euro in thousands								
Balance at January 1, 2016	**(*) -**	**-**	**397,981**	**2,216**	**(2,190)**	**11,477**	**409,484**	**15,218**	**424,702**
Profit for the period	-	-	-	-	-	7,665	7,665	504	8,169
Other comprehensive loss for the period, net of income tax	-	-	-	-	(4,154)	-	(4,154)	(662)	(4,816)
Total comprehensive profit (loss)	-	-	-	-	(4,154)	7,665	3,511	(158)	3,353
Dividend distribution (Note 12c)	-	-	(4,423)	-	-	-	(4,423)	-	(4,423)
Additional non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	-	350	350
Balance at June 30, 2016	**(*) -**	**-**	**393,558**	**2,216**	**(6,344)**	**19,142**	**408,572**	**15,410**	**423,982**

(*) No par value.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to owners of the Company								
	Issued capital	Share premium	Distribution Reserve (Note 12)	Reserves due to transactions with principal shareholder	Net unrealized gain (loss) reserve	Retained (Deficit)	Total equity attributable to owners of the Parent company	Non-Controlling interests	Total equity
	Euro in thousands								
Balance at January 1, 2015	**(*) -**	**-**	**296,643**	**2,216**	**(5,562)**	**(48,594)**	**244,703**	**10,326**	**255,029**
Profit (Loss) for the period	-	-	-	-	-	(3,556)	(3,556)	704	(2,852)
Other comprehensive profit for the period, net of income tax (**)	-	-	-	-	5,913	-	5,913	352	6,265
Total comprehensive profit (loss)	-	-	-	-	5,913	(3,556)	2,357	1,056	3,413
Dividend distribution	-	-	(7,111)	-	-	-	(7,111)	-	(7,111)
Issue of shares, net of expenses	-	-	116,224	-	-	-	116,224	-	116,224
Balance at June 30, 2015	**(*) -**	**-**	**405,756**	**2,216**	**351**	**(52,150)**	**356,173**	**11,382**	**367,555**

(*) No par value.
(**) Other comprehensive profit result mainly from the ineffectiveness hedging reserve. For more information see note 10.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Issued	Share premium	Distribution Reserve (Note 12)	Reserves due to transactions with principal shareholder	Net unrealized (loss) 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, 2015	**(*) -**	**-**	**296,643**	**2,216**	**(5,562)**	**(48,594)**	**244,703**	**10,326**	**255,029**
Profit for the year	-	-	-	-	-	60,071	60,071	3,396	63,467
Other comprehensive profit (loss) for the year, net of income tax (**)	-	-	-	-	3,372	-	3,372	(3)	3,369
Total comprehensive profit	-	-	-	-	3,372	60,071	63,443	3,393	66,836
Dividend distribution	-	-	(14,886)	-	-	-	(14,886)	-	(14,886)
Issue of shares, net of expenses	-	-	116,224	-	-	-	116,224	-	116,224
Additional non-controlling interest on acquisition of subsidiary	-	-	-	-	-		-	1,499	1,499
Balance at December 31, 2015	**(*) -**	**-**	**397,981**	**2,216**	**(2,190)**	**11,477**	**409,484**	**15,218**	**424,702**

(*) No par value.
(**) Mainly other comprehensive profit result from the ineffectiveness of certain derivatives. For more information see note 10.

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30		Year ended December 31,
	2016	2015	2015
	(Unaudited)		(Audited)
	Euro (in thousands)		
Cash flows from operating activities:			
Profit (loss) for the period/year	8,169	(2,852)	63,467
Adjustments for:			
Deferred taxes	1,306	595	7,308
Sale of subsidiaries	-	(170)	(169)
Financial expenses, net	5,124	16,647	21,915
Fair value adjustment of investment properties	8,816	3,366	(55,293)
Depreciation of property, plant and equipment	16	21	32
Amortization and impairment of intangible assets	(573)	(343)	(1,621)
	14,689	20,116	(27,828)
Changes in operating assets and liabilities:			
Decrease in trade receivables	82	997	805
Increase (decrease) in trade and other payables	(4,447)	(1,696)	(3,188)
Increase in payables to related parties and shareholders	470	3,033	3,807
Increase in prepaid expenses and other current assets	(51)	(355)	(58)
Increase in other non-current liabilities	1,523	1,012	1,027
	(2,423)	2,991	2,393
Net cash flows provided by operating activities	20,435	20,255	38,032
Cash flows from investing activities:			
Payments of property, plant and equipment	(5)	(8)	(19)
Net cash outflow on acquisition of asset companies	(38,499)	-	(24,999)
Payments in respect to acquisition of subsidiaries	-	(504)	-
Proceeds from the sale of financial participations	-	330	330
Change in deposits	(3,242)	(2,194)	(2,194)
Increase in loan to third party	(542)	33	(1,029)
Payments for acquisitions of investment properties	(4,217)	(3,403)	(44,581)
Proceeds from sale of investment property	3,297	1,975	2,003
Interest income received	-	4	6
Net cash flows used in investing activities	(43,208)	(3,767)	(70,483)
Cash flows from financing activities:			
Proceeds from borrowings from banks	69,000	30,731	30,981
Net (repayments) proceeds from borrowings from related parties	-	(62,634)	(61,296)
Repayment of borrowings	(29,426)	(3,863)	(8,031)
Interest expense paid	(5,500)	(4,317)	(9,176)
IPO expenses paid	-	(290)	(290)
Net proceeds from issue of shares	-	116,224	116,224
Dividend distribution	(4,423)	(4,340)	(12,114)
Cost of raising loans paid	-	(553)	-
Net cash flows provided by financing activities	29,651	70,958	56,298
Increase (decrease) in cash and cash equivalents	6,878	87,446	23,847
Cash and cash equivalents at the beginning of period/year	33,583	9,736	9,736
Cash and cash equivalents at the end of period/year	40,461	97,182	33,583

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: GENERAL

Summit Germany Limited (the "Company") and its subsidiaries (together: the "Group") is a German property specialist company. 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.

NOTE 2: ACCOUNTING POLICIES

Basis of preparation:
The annual financial statements of Summit Germany Limited are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union.

Going concern
The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

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

In the current financial year, the Group has adopted the following Amendments to IFRSs :

- **IAS 34 "Interim Financial Reporting" (Disclosure of Information Elsewhere in the Financial Reporting):**

  The Amendment clarifies that information appearing in the interim financial reporting, but not within the financial statements themselves, must be included by a reference from the interim financial statements to the other location in the interim financial reporting, available to the users of the reports, under the same terms and time as in the financial statements. The Amendment is implemented retrospectively for annual period commencing on January 1, 2016.

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 to the annual accounts, 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 in the annual accounts.

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. See note 4 for further information.

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.

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 to the annual accounts).

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

Acquisition of assets

In regard to the transactions detailed in note 4, 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.

NOTE 4: INVESTMENT PROPERTIES

	Euro in thousands
Balance at January 1, 2015	582,572
Additions during the year	97,708
Disposals during the year	(243)
Reclassification to property held for sale (a)	(3,582)
Fair value adjustments during the year	55,293
Balance at December 31, 2015	731,748
Additions during the period (b)	49,081
Fair value adjustments during the period	(8,816)
Reclassification to property held for sale (a)(2)	(1,338)
Other (a)(1)	285
Balance at June 30, 2016	770,960

The investment properties are stated at fair value. The fair value represents the amount at which the assets could be exchanged between a willing buyer and willing seller in an arm's length transaction at the date of valuation, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Valuations are prepared by external valuators at least once a year and more frequently when significant changes to properties' value are identified. The valuations are 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 by discounted rates that reflect the specific risks inherent in property activity. During the period, the Company obtained an opinion letter from its external valuer indicating no major change in overall portfolio value except for the change recorded above.

a. <u>Disposal during the period</u>

(1) As of 31 December 2015 properties valued at approximately €3.6 million were classified as held for sale. During the reporting period these properties were sold for a consideration similar to their carrying amount.

(2) As of 30 June, 2016 properties valued at approximately €1.3 million were classified as held for sale.

NOTE 4: INVESTMENT PROPERTIES (Cont.)

b. Additions during the period

(1) In January 2016, the Group acquired two office buildings in Germany for a total acquisition cost of €15 million.
The acquisition was financed by the Group's own resources and by a €10.5 million loan facility provided by a German bank as detailed in note 7(a).

(2) In March 2016, the Group acquired a complex of three office buildings in Frankfurt, Oberursel, Germany, for a total price consideration of €25.5 million.
The acquisition was financed by the Group's own resources and by a €18.5 million loan facility provided by a German bank as detailed in note 7(b).

NOTE 5: OTHER LONG TERM ASSETS

Long-term loans receivable

	June 30,		December 31,
	2016	2015	2015
	Euro in thousands		
Other long-term financial assets:			
Available-for-sale investment – unquoted equity shares	2,250	2,126	2,250
Long-term loans receivable (a)	4,399	8,051	10,292
Other financial assets	522	583	545
Total long term financial assets	7,171	10,760	13,087
Other long-term non-financial assets	95	107	104
Other long-term financial liabilities:			
Other Financial liabilities	1,942	2,156	2,052

(a) 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 (before accrued interest), as described in note 7(2) to the Group's annual financial statements for the year 2015.
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 have committed 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 the entrepreneurial companies without the consent of the Group.

As of 30 June 2016:

- Loans that relate to two out of the three projects, amounting €6.9 million, and their accrued interest, were classified to prepaid and other current assets due to their repayment date which is within the next 12 months.
- The repayment date of the remaining loan and its accrued interest was prolonged to the second half of 2018 and as such it is included under long term loans receivable.
- The projects, are at different development stages: the first project is approximately 98% sold and the second and third projects are 85% and 52% sold, respectively. See note 13 for an additional JV project financed after the end of the reporting period.

NOTE 6: PREPAID EXPENSES AND OTHER CURRENT ASSETS

The balance increased during the period due to classification of residential projects loans amounted to €6.9 million as described in note 5 (a) and as a result of an increase in the balance of the restricted cash, which is intended to be used for capital expenditure.

NOTE 7: INTEREST-BEARING LOANS AND BORROWING

a. In January 2016, the Group financed the acquisition of two office buildings in Germany. The loan amounted to €10.5 million and was provided by a German bank for a 10 years term at a fixed interest rate of 1.8% per annum and an annual amortization rate of 3%.

b. In March 2016, the Group financed the acquisition of a complex in Frankfurt, Oberursel. The loan amounted to €18.5 million and was provided by a German bank for a 10 years term at a fixed interest rate of 2.26% per annum and an annual amortisation rate of 2.5%.

c. In May 2016, the Group refinanced a €24 million debt, which was secured by a property complex in Stuttgart, Germany, with a €40 million loan provided by a German lender. The 10 years term debt facility was provided at a fixed interest rate of 2.25% per annum and an annual amortization rate of 4.15%.

d. After the end of the reporting period, in August 2016, the Group refinanced an additional part of the property complex located in Stuttgart, Germany. The €3.85 million debt facility was provided by a the same German lender for a 10 year term at a fixed interest rate of 2.1% per annum and annual amortisation rate of 3.5%.

e. To the date of this report the borrowing entities comply with all the covenants set in its financing agreements.

NOTE 8: BALANCES AND TRANSACTIONS WITH RELATED PARTIES

	Amounts owed by related parties			Amounts owed to related parties		
	June 30		December 31	June 30		December 31
	2016	2015	2015	2016	2015	2015
	Euro in thousands					
Related parties	80	220	243	2,657	3,420	2,350

At the date of this report Summit Real Estate Holdings Ltd ("**SHL**") holds approximately 50.01% of the Ordinary shares in the Company. SHL is under the control of Mr. Zohar Levy, the Managing 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. For the terms and conditions of the management agreement please refer to Note 13d to the Group annual financial statements for the year 2015.

The amounts owed to related parties as of 30 June 2016 include the provision for management fees to SMC,(including a provision for a performance based compensation in the amount of €375 thousand).

NOTE 9: FAIR VALUE

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 fair value measurements are grouped into Levels 1, 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 transactions) 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 assets or liabilities that are not based on observable market data (unobservable inputs).

	30 June 2016			
	Level 1	Level 2	Level 3	Total
	Euro in thousands			
Non-financial assets				
Investment properties (see note 4)	-	-	772,298	772,298
Available-for-sale financial assets				
Unquoted equity shares (a)	-	-	2,250	2,250
Total	-	-	774,548	774,548
Financial liabilities				
Derivative instruments – swaps (b)	-	(10,766)	-	(10,766)

(a) No change in unquoted equity shares from December 31, 2015.

(b) The change in derivative instruments from December 31, 2015 to June 30, 2016 was due to revaluations.

NOTE 9: FAIR VALUE (Cont.)

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

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
	Euro in thousands			
Non-financial assets				
Investment properties	-	-	735,330	735,330
Available-for-sale financial assets				
Unquoted equity shares	-	-	2,250	2,250
Total	-	-	737,580	737,580
Financial liabilities				
Derivative instruments - swaps	-	(5,092)	-	(5,092)

	30 June 2015			
	Level 1	Level 2	Level 3	Total
	Euro in thousands			
Non-financial assets				
Investment properties	-	-	582,394	582,394
Available-for-sale financial assets				
Unquoted equity shares	-	-	2,126	2,126
Total	-	-	584,520	584,520
Financial liabilities				
Derivative instruments - swaps	-	(1,846)	-	(1,846)

There were no movements between the levels during the period.

NOTE 10: FINANCIAL EXPENSES (INCOME)

	Six months ended June 30		Year ended December 31
	2016	2015	2015
	Euro in thousands		
Financial expenses:			
Interest on bank borrowings	5,044	5,318	10,177
Amortization of cost of raising loans	412	369	775
Expenses on currency exchange (*)	-	3,516	3,516
Release of Hedging reserve (hedging of foreign exchange shareholder loan) (*)	-	3,596	3,596
Early repayment penalty (*)	-	4,446	4,446
Other	280	157	550
Total financial expenses	5,736	17,402	23,060
Financial income:			
Interest income on short-term deposits	12	4	6
Income on currency exchange	99	-	-
Other	501	921	1,308
Total financial income	612	925	1,314

(*) Non-recurring expenses as a result of the repayment of the Shareholders Loan, as described in Note 8 to the Group annual financial statements for the year 2015.

NOTE 11: EARNINGS (LOSS) PER-SHARE

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

	Six months ended June 30		Year ended December 31
	2016	2015	2015
	Euro in thousands		
Earnings (loss)			
Earnings (loss) for the purposes of basic earnings per share being net profit (loss) attributable to owners of the Company	7,665	(3,556)	60,071

NOTE 11: EARNINGS (LOSS) PER-SHARE (Cont.)

	Six months ended June 30		Year ended December 31
	2016	2015	2015
	in thousands		
Number of shares			
Weighted average number of ordinary shares for the purposes of the basic earnings per share	465,400	434,924	450,329

	Six months ended June 30		Year ended December 31,
	2016	2015	2015
	(Unaudited)		(Audited)
Earnings (loss) per share:			
Basic (Euro per share)	0.016	(0.008)	0.133
Diluted (Euro per share)	0.016	(0.008)	0.133

There is no difference between basic and diluted earnings per share over the periods.

NOTE 12: SHARE CAPITAL

a. The authorized 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, 2015	293,971,291
Issue of shares	171,428,571
At June 30, 2015	465,399,862
Change in the period	-
At December 31, 2015	465,399,862
Change in the period	-
At June 30, 2016	465,399,862

b. Distributable reserve:

The directors have elected to transfer the premium arising from the issue of ordinary shares by the Company to a distributable reserve.
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.

NOTE 12: SHARE CAPITAL (Cont.)

c. Distribution of Dividends

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

In March 2016, the Company declared a dividend of 0.95 cent per share. The total amount of €4,423 thousand was paid to the shareholders in April 2016.

After the reporting date, in July 2016, the Company declared a dividend of 1.00 cent per share. The total amount of €4,654 thousand was paid to the shareholders in August 2016.

d. NAV and EPRA NAV:

	As of 30 June 2016		As of 30 June 2015		As of 31 December 2015	
	€, thousands	€, per share	€, thousands	€, per share	€, thousands	€, per share
NAV (*)	408,572	0.88	356,173	0.77	409,484	0.88
Financial derivative instruments	10,766		1,846		5,092	
Deferred Tax, net	13,234		6,518		12,892	
EPRA NAV (**)	432,572	0.93	364,537	0.78	427,468	0.92

(*) Net Asset Value

(**) EPRA NAV is calculated based on the NAV excluding the effect of deferred taxes and the fair value of hedging instruments.

e. In February, 2016 the Company obtained an Aa3 ("very strong") issuer rating by Midroog.

NOTE 13: SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

a. The Group has engaged in a Joint Venture (the "JV") for the development of an additional residential project in Berlin.
The JV acquired an existing building in Berlin for €5.5 million and it intends to convert it to 60 residential units. The expected investment in the entire project is €18 million and the expected revenues from the sales of apartments are €23 million. The JV intends to use a construction loan in order to finance the project, whereas the additional required funds of €3 million are provided as loan by a subsidiary of the Group.
The loan and the accrued interest are repayable from the revenues of the project, in the second half of 2019.

b. In July 2016, the Company declared a dividend of 1.00 cent per share. For further details, please see note 12c.

c. In August 2016, the Group refinanced an additional part of the office complex located in Stuttgart, which was acquired in 2015. For further details, please see note 7d.