This announcement contains inside information which is disclosed in accordance with the Market Abuse Regulation.

Summit Germany Limited (the "Company")

Proposed Bond Issue and Q3 Results

15 January 2018

Summit Germany Limited, the German commercial real estate company, is pleased to announce that, subject to market conditions, it intends to issue €250 million of unsecured fixed rate notes ("Senior Notes") with a term of 7 years and governed by New York law. The Senior Notes are expected to be listed on the Euro MTF Market of the Luxembourg Stock Exchange. The net proceeds from the proposed offering will be used to refinance existing in-debtedness of certain subsidiaries of the Company and for general corporate purposes. A further announcement will be made upon pricing of the offering.

The Company also announces its unaudited financial results as of and for the nine months ended 30 September 2017 (the "Period").

- As at 30 September 2017, the aggregate net market value of the Company's property portfolio was €980.6 million, the EPRA NAV was €566.5 million and the net loan-to-value ratio amounted to 39.5%.
- During the Period, the Company generated net rental income of €44.5 million, had annualised contractual net rental income of €65.5 million, EBITDA (as adjusted for fair value adjustments) of €47.0 million and funds from operations (FFO) of €35.5 million.
- The portfolio comprised a total lettable area of approximately 919,000 sqm, had an EPRA vacancy rate of 8.9% and weighted average lease term of 4.2 years at the end of the Period.
- By net market value as at 30 September 2017, the Company's office, logistics and retail properties accounted for 77%, 16% and 7%, respectively.
- As of 30 September 2017, the Company's cost of debt was 2.7%, the Company's average debt maturity amounted to 5.3 years, the amount of the Company's unencumbered assets was €78.1 million and the Company's interest coverage ratio amounted to 4.4x.
- The Company's unaudited consolidated financial statements and accompanying notes for the Period are set out in full below.
- A copy of the company presentation is available on its website at www.summitgermany.com/investors.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	30 September 2017	30 September 2016	31 December 2016
		(Unaudited)		(Audited)
		Euro (in thousands)		
ASSETS				
NON-CURRENT ASSETS:				
Investment properties	5	980,605	755,943	795,579
Other long-term assets	6	27,659	13,141	12,093
Deferred tax asset		515	868	655
Total non-current assets		1,008,779	769,952	808,327
CURRENT ASSETS:				
Cash and cash equivalents		25,173	40,344	54,158
Trade receivables, net		1,080	1,158	1,297
Prepaid expenses and other current assets		15,643	19,591	16,133
Receivables from related parties	8	168	160	169
Investment property held for sale	5	-	15,338	2,242
Total current assets		42,064	76,591	73,999
Total assets		1,050,843	846,543	882,326

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	30 September 2017 (Unaudited)	30 September 2016 (Unaudited)	31 December 2016 (Audited)
		Euro (in thousands)		
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	12	(*) -	(*) -	(*) -
Other reserve		369,567	380,048	377,378
Retained gain		156,677	23,595	60,514
Equity attributable to the owners of the Company		526,244	403,643	437,892
Non-controlling interests		34,053	15,685	21,787
Total equity		560,297	419,328	459,679
NON-CURRENT LIABILITIES:				
Interest-bearing loans and borrowings	7	379,081	356,161	349,526
Shareholders' loan	8	19,751	-	-
Other long-term financial liabilities	6	3,790	1,886	1,972
Derivative financial liabilities	9	4,101	8,987	6,248
Deferred tax liability		34,994	14,668	21,127
Total non-current liabilities		441,717	381,702	378,873
CURRENT LIABILITIES:				
Interest-bearing loans and borrowings	7	13,438	10,451	11,804
Derivative financial liabilities	9	1,647	1,697	1,675
Payables to related parties	8	6,086	5,247	5,507
Current tax liabilities		58	74	65
Trade and other payables		27,600	28,044	24,723
Total current liabilities		48,829	45,513	43,774
Total liabilities		490,546	427,215	422,647
Total equity and liabilities		1,050,843	846,543	882,326
NAV/Share (cent)	12(d)	113.07	86.73	94.09
EPRA NAV/Share (cent)	12(d)	121.72	91.99	100.19

(*) No par value.

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Nine months ended 30 September 2017	Nine months ended 30 September 2016	Year ended 31 December 2016
		(Unaudited)	(Unaudited)	(Audited)
		Euro (in thousands)		
Rental income		44,484	43,433	57,168
Rental operating expenses		(3,280)	(3,372)	(4,485)
Gross profit		41,204	40,061	52,683
General and administrative expenses		(5,614)	(5,417)	(7,436)
Fair value adjustments of investment properties	5	93,774	(11,511)	28,203
Other income (expenses)		-	(208)	486
Operating profit		129,364	22,925	73,936
Financial income	10	2,018	1,007	1,779
Financial expenses	10	(10,036)	(9,009)	(11,815)
Total financial expenses		(8,018)	(8,002)	(10,036)
Profit before taxes on income		121,346	14,923	63,900
Taxation		(14,074)	(2,043)	(8,353)
Profit for the period/year		**107,272**	**12,880**	**55,547**
Other comprehensive income and expenses:				
Items that may be reclassified subsequently to profit or loss:				
Net gain arising on revaluation of available-for-sale financial assets		-	-	123
Net gain (loss) on hedging instruments entered into for cash flow hedges		1,772	(4,784)	(2,472)
Other comprehensive (loss) income for the period/year, net of tax		1,772	(4,784)	(2,349)
Total comprehensive income for the period/year		**109,044**	**8,096**	**53,198**
Profit for the period/year attributable to:				
Owners of the Company		96,163	12,118	49,037
Non-controlling interests		11,109	762	6,510
		107,272	12,880	55,547
Total comprehensive income attributable to:				
Owners of the Company		97,660	7,979	46,973
Non-controlling interests		11,384	117	6,225
		109,044	8,096	53,198
Earnings per share:				
Basic (Euro per share)	11	0.207	0.026	0.105
Diluted (Euro per share)		0.207	0.026	0.105

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	Other Reserve (Note 12)	Retained Earnings	Total equity attributable to owners of the parent Company	Non-Controlling interests	Total equity
	Euro in thousands					
Balance at 1 January 2017 (audited)	**(*) -**	**377,378**	**60,514**	**437,892**	**21,787**	**459,679**
Profit for the period	-	-	96,163	96,163	11,109	107,272
Other comprehensive profit for the period, net of income tax	-	1,497	-	1,497	275	1,772
Total comprehensive profit	-	1,497	96,163	97,660	11,384	109,044
Dividend distribution (Note 12c)	-	(9,308)	-	(9,308)	-	(9,308)
Additional non-controlling interest on acquisition of subsidiary	-	-	-	-	882	882
Balance at 30 September 2017 (unaudited)	**(*) -**	**369,567**	**156,677**	**526,244**	**34,053**	**560,297**

(*) 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	Other Reserve (Note 12)-	Retained Earnings	Total equity attributable to owners of the parent Company	Non-Controlling interests	Total equity
	Euro in thousands					
Balance at 1 January 2016 (audited)	**(*) -**	**398,007**	**11,477**	**409,484**	**15,218**	**424,702**
Profit for the period	-	-	12,118	12,118	762	12,880
Other comprehensive loss for the period, net of income tax	-	(4,139)	-	(4,139)	(645)	(4,784)
Total comprehensive profit (loss)	-	(4,139)	12,118	7,979	117	8,096
Dividend distribution	-	(13,820)	-	(13,820)	-	(13,820)
Additional non-controlling interest on acquisition of subsidiary	-	-	-	-	350	350
Balance at 30 September 2016 (unaudited)	**(*) -**	**380,048**	**23,595**	**403,643**	**15,685**	**419,328**

(*) 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	**Other Reserve (Note 12)**	**Retained Earnings**	**Total equity attributable to owners of the parent Company**	**Non-Controlling interests**	**Total equity**
	Euro in thousands					
Balance at 1 January 2016 (audited)	**(*) -**	**398,007**	**11,477**	**409,484**	**15,218**	**424,702**
Profit for the year	-	-	49,037	49,037	6,510	55,547
Other comprehensive loss for the year, net of income tax	-	(2,064)	-	(2,064)	(285)	(2,349)
Total comprehensive profit (loss)	-	(2,064)	49,037	46,973	6,225	53,198
Dividend distribution	-	(18,565)	-	(18,565)	-	(18,565)
Additional non-controlling interest on acquisition of subsidiary	-	-	-	-	344	344
Balance at 31 December 2016 (audited)	**(*) -**	**377,378**	**60,514**	**437,892**	**21,787**	**459,679**

(*) No par value.

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended 30 September		Year ended 31 December
	2017	2016	2016
	(Unaudited)		(Audited)
	Euro (in thousands)		
Cash flows from operating activities:			
Profit for the period/year	107,272	12,880	55,547
Adjustments for:			
Deferred taxes	13,734	1,873	8,155
Financial expenses, net	8,018	8,002	10,036
Fair value adjustment of investment properties	(93,774)	11,511	(28,203)
Depreciation of property, plant and equipment	19	36	44
Amortization and impairment of intangible assets	(278)	21	54
	(72,281)	21,443	(9,914)
Changes in operating assets and liabilities:			
Decrease in trade receivables	291	380	348
Decrease in trade and other payables	(819)	(2,742)	(3,225)
Increase in payables to related parties and shareholders	449	919	858
Decrease in prepaid expenses and other current assets	1,380	608	727
Increase (decrease) in other non-current liabilities	(28)	(179)	20
	1,273	(1,014)	(1,272)
Net cash flows from operating activities	36,264	33,309	44,361
Cash flows from investing activities:			
Payments of property, plant and equipment	(684)	(30)	(31)
Net cash outflow on acquisition of asset companies	(25,961)	(38,499)	(38,506)
Change in deposits	1,188	(3,819)	(1,591)
Increase in loan to third party	(11,888)	(5,939)	(5,009)
Payments for acquisitions of investment properties	(8,273)	(6,954)	(10,917)
Proceeds from sale of investment property	17,560	3,297	18,597
Interest income received	1,051	-	1,528
Net cash flows used in investing activities	(27,007)	(51,944)	(35,929)
Cash flows from financing activities:			
Proceeds from borrowings from banks	-	75,350	90,652
Proceeds from borrowings from related parties	19,751	-	-
Repayment of borrowings	(40,397)	(32,505)	(54,101)
Interest expense paid	(8,214)	(8,376)	(10,590)
Dividend distribution	(9,382)	(9,073)	(13,818)
Net cash flows from (used in) financing activities	(38,242)	25,396	12,143
Increase (decrease) in cash and cash equivalents	(28,985)	6,761	20,575
Cash and cash equivalents at the beginning of period/year	54,158	33,583	33,583
Cash and cash equivalents at the end of period/year	25,173	40,344	54,158

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 19 April 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 same accounting policies and methods of computation have been applied to the Unaudited Condensed Interim Financial Statements as in the annual financial statements as of 31 December 2016. The presentation of the unaudited condensed interim financial statements is consistent with the annual financial statements as of 31 December 2016.
The condensed set of financial statements included in this interim 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.

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 financial statements as of 31 December 2016, 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 Group Consolidated Financial Statements as of 31 December 2016.

Fair Value of investment properties:

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engages independent valuation specialists to determine fair value of investment properties at least 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, estimated rental values as well as the long term vacancy rate. See note 5 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.

<u>Deferred taxes</u>
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 (See also note 17 to the annual financial statements as of 31 December 2016).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Acquisition of assets:

In regard to the transactions detailed in note 5, the Group management and the Directors have reviewed the characteristics of the transaction and the properties over which control was acquired by the Group, in accordance with the requirements of IFRS 3. 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: ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

A) Amendments to standards affecting the current period and / or previous reporting periods:

*** Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses**

The amendments clarify the following:

1. Decreases below cost in the carrying amount of a fixed-rate debt instrument measured at fair value for which the tax base remains at cost give-rise to a deductible temporary difference, irrespective of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use, or whether it is probable that the issuer will pay all the contractual cash flows;

2. When an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference, and the tax law restricts the utilisation of losses to deduction against income of a specific type (e.g. capital losses can only be set off against capital gains), an entity assesses a deductible temporary difference in combination with other deductible temporary differences of that type, but separately from other types of deductible temporary differences;

3. The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this; and

4. In evaluating whether sufficient future taxable profits are available, an entity should compare the deductible temporary differences with future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted.

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

B) New and revised IFRSs in issue but not yet effective

*** 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.

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 do not anticipate that the application of IFRS 15 will have a significant effect on the Group. The standard is effective for annual reporting periods beginning on or after 1 January 2018.

*** IFRS 16 Leases**

In January 2016, the IASB published IFRS 16 Leases. The new Standard supersedes IAS 17 Leases and its associated interpretative guidance.

IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer.

IFRS 16 introduces significant changes to lessee accounting it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases, except for short-term leases and leases of low value assets.

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

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

*** IFRS 16 Leases (Cont.)**

IFRS 16 is effective for reporting periods beginning on or after 1 January 2019 with early application permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

The Group does not expect that this standard will have a significant effect on its financial statements.

- **IFRS 9 Financial Instruments**

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.
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 IFRS 9, 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 liability 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.

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

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

*** IFRS 9 Financial Instruments (Cont.)**

Key requirements of IFRS 9 (Cont.):

- 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 to have occurred before credit losses are recognised.

- 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 do not expect that this standard will have a significant effect on the Group. The standard is effective for annual reporting periods beginning on or after 1 January 2018.

NOTE 5: INVESTMENT PROPERTIES

	Euro in thousands
Balance at 1 January 2016	**731,748**
Additions during the year	52,885
Disposals during the year	(15,015)
Reclassification to property held for sale (b 1)	(2,242)
Fair value adjustments during the year	28,203
Balance at 31 December 2016	**795,579**
Additions during the period (c)	106,570
Disposals during the period (b 2)	(15,318)
Fair value adjustments during the period (a)	93,774
Balance at 30 September 2017	**980,605**

NOTE 5: INVESTMENT PROPERTIES (cont)

a. Fair value adjustments

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 model based 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 reporting period, an independent external valuation was obtained by the Company. According to the valuation report, the value of properties increased by €93.8 million.

b. Disposals

(1) As of 31 December 2016, a property valued at approximately €2.2 million was classified as held for sale. During the reporting period, the property was sold for a consideration similar to its carrying amount. Further details on investment property held for sale as of 30 September 2016 and as of 31 December 2016 – see note 5 D of the annual financial statements as of 31 December 2016.

(2) 18 properties valued at approximately €15.1 million were sold during the period for a consideration similar to their carrying amount. €9.1 million of the purchase price was paid in cash and was mostly used to partially repay one of the Company's debt facilities. The remaining balance is outstanding as a five-year loan bearing an average annual interest rate of 3% and secured by a first rank mortgage over the sold properties and the shares of the companies in which they are held.

c. Additions

Additions during the period include acquisitions described below and capital expenditures related to the Group's portfolio.

In June 2017, the Group completed an acquisition of a portfolio of commercial properties located in four different sites in the city of Wolfsburg, Germany, for a total purchase price of approximately €100 million.

The acquired portfolio has a lettable area of 80,000 sqm and is fully let, mainly to Volkswagen Group (approximately 60% of the lettable space through 15 different leases), as well as to other leading Companies in the automotive industry. The properties generate annual net rent of approximately €7.9 million.

The acquisition was carried out as a share deal transaction and the purchase price, net of liabilities of approximately €70 million, was financed by the Company's existing cash of approximately €30 million.

For further information on Acquisitions during the nine months ended on 30 September 2016 – see note 5C of the annual financial statements as of 31 December 2016.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6: OTHER LONG TERM ASSETS AND LIABILITIES

Long-term loans receivable

	30 September 2017	30 September 2016	31 December 2016
	Euro in thousands		
Other long-term financial assets:			
Available-for-sale investment – unquoted equity shares	2,373	2,250	2,373
Long-term loans receivable (a)	24,150	10,289	9,135
Other financial assets	1,056	505	496
Total long term financial assets	27,579	13,044	12,004
Other long-term non-financial assets	80	97	89
Other long-term financial liabilities:			
Other Financial liabilities	3,790	1,886	1,972

(a) Long-term loans receivable

The Group provides funding for several residential development projects in Berlin. For further details, see note 6 of the Group Consolidated Financial Statements as of 31 December 2016.
During the reporting period, the Group engaged in two projects for the development of 95 residential units in Berlin and committed to provide funds of approximately €7 million as loan, in terms similar to the previous projects. Additional increase in the balance in comparison to the balance as of 31 December 2016 is due to loan of €6 million given to the purchaser of properties as detailed in 5 b 2.
The loan and the accrued interest are repayable from the revenues of the project, expected in the second half of 2020.

NOTE 7: INTEREST-BEARING LOANS AND BORROWING

a) The Company is engaged in financing agreements with several credit providers. To the date of this report the borrowing entities comply with all the covenants set in their financing agreements.

b) In June 2017, the Group acquired a portfolio of properties – as detailed in note 5 a above. The properties are financed by loans with a remaining term of approximately 7 years and bear an average interest rate of 5% p.a. and average amortisation of 3.12% p.a. The loans are subject to a DSCR financial covenant of 225%.

c) In July 2017, the Group acquired from one of its lenders a debt secured over several Group properties (the "Acquired Debt") for a consideration of €19.5 million. The remaining term of the Acquired Debt is approximately 5 years and the annual debt service costs (i.e. principal and interest) are €2.9 million.

In order to fund the transaction, the Company has entered into a loan agreement with its majority shareholder, Summit Real Estate Holding Ltd. ("SREH"). SREH granted an unsecured shareholders loan of €19.5 million to the Company bearing an annual interest rate of 8%, with no amortisation. The Company can repay the shareholders loan within 3 to 16 months of drawdown.

NOTE 8: BALANCES AND TRANSACTIONS WITH RELATED PARTIES

	Amounts owed by related parties			Amounts owed to related parties		
	30 September		31 December	30 September		31 December
	2017	2016	2016	2017	2016	2016
	Euro in thousands					
Loan to related parties	-	-	-	19,751	-	-
Related parties	168	160	169	6,086	5,247	5,507
	168	160	169	25,837	5,247	5,507

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 March 2017. For the terms and conditions of the management agreement, please refer to Note 13b to the annual financial statements for the year 2016.

The increase in the amounts owed to related parties during the period results from the provision for management fees to SMC (including a provision for a performance-based compensation) in the total amount of €563 thousand).

During the reporting period, the Company has entered into a loan agreement with its majority shareholder, Summit Real Estate Holding Ltd. ("SREH") in order to fund a debt acquisition, as further described under note 7 c.

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). Refer to Note 5 for valuation approach adopted on investment property.

	30 September 2017			
	Level 1	Level 2	Level 3	Total
	Euro in thousands			
Non-financial assets				
Investment properties (see note 5)	-	-	980,605	980,605
Available-for-sale financial assets				
Unquoted equity shares	-	-	2,373	2,373
Total	-	-	982,978	982,978
Financial liabilities				
Derivative instruments – swaps (a)	-	(5,748)	-	(5,748)

(a) The change in derivative instruments from 31 December 2016 to 30 September 2017 was due to revaluations.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9: FAIR VALUE (Cont.)

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

	31 December 2016			
	Level 1	Level 2	Level 3	Total
	Euro in thousands			
Non-financial assets				
Investment properties	-	-	797,821	797,821
Available-for-sale financial assets				
Unquoted equity shares	-	-	2,373	2,373
Total	-	-	800,194	800,194
Financial liabilities				
Derivative instruments - swaps	-	(7,923)	-	(7,923)

	30 September 2016			
	Level 1	Level 2	Level 3	Total
	Euro in thousands			
Non-financial assets				
Investment properties	-	-	771,281	771,281
Available-for-sale financial assets				
Unquoted equity shares	-	-	2,250	2,250
Total	-	-	773,531	773,531
Financial liabilities				
Derivative instruments – swaps	-	(10,684)	-	(10,684)

NOTE 10: FINANCIAL EXPENSES (INCOME)

	Nine months ended 30 September		Year ended 31 December
	2017	2016	2016
	Euro in thousands		
Financial expenses:			
Interest on borrowings (a)	8,034	7,704	10,393
Amortization of cost of raising loans	895	626	842
Expenses on currency exchange	9	-	-
Other	1,098	679	580
Total financial expenses	10,036	9,009	11,815
Financial income:			
Total financial income	2,018	1,007	1,779

(a) The reporting period amount includes €0.25m interest on shareholder loan, as detailed in note 8.

NOTE 11: EARNINGS PER-SHARE

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

	Nine months ended 30 September		Year ended 31 December
	2017	2016	2016
	Euro in thousands		
Earnings			
Earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company	96,163	12,118	49,037

	Nine months ended 30 September		Year ended 31 December
	2017	2016	2016
	in thousands		
Number of shares			
Weighted average number of ordinary shares for the purposes of the basic earnings per share	465,400	465,400	465,400

	Nine months ended 30 September		Year ended 31 December
	2017	2016	2016
	(Unaudited)		(Audited)
Earnings per share:			
Basic (Euro per share)	0.207	0.026	0.105
Diluted (Euro per share)	0.207	0.026	0.105

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 out-standing Number of shares
At 1 January 2016	465,399,862
Change in the period	-
At 30 September 2016	465,399,862
At 31 December 2016	465,399,862
Change in the period	-
At 30 September 2017	465,399,862

b. Other reserve:

Other reserves comprise mostly of distributable reserve. The directors have elected to transfer the premium arising from the issue of ordinary shares by the Company to a distributable reserve, which balance as of 30 September 2017 is €370.1 million (as of 31 December 2016: €379.4 million). The change during the period was due to dividends distributed in the nine months period ended 30 September 2017.
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. Distribution of Dividends

For dividends distributed in 2016 – see note 11 of the annual financial statements as of 31 December 2016.

In December 2016, the Company declared a dividend of 1.02 cent per share. The total amount of €4,747 thousand was paid to the shareholders in February 2017.

In June 2017, 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 2017.

In September 2017, the Company declared a dividend of 1.00 cent per share. The total amount of €4,654 thousand was paid to the shareholders after the end of the reporting period (in November 2017).

d. NAV and EPRA NAV:

	As of 30 September 2017		As of 30 September 2016		As of 31 December 2016	
	€, thousands	€, per share	€, thousands	€, per share	€, thousands	€, per share
NAV (*)	526,244	1.13	403,642	0.87	437,892	0.94
Financial derivative instruments	5,748		10,684		7,923	
Deferred Tax, net	34,479		13,800		20,472	
EPRA NAV (**)	566,471	0.12	428,126	0.92	466,287	1.00

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

NOTE 13: SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

In August 2017, Group's Finance Director and a director of a subsidiary of the Group purchased a total of 125,000 ordinary shares of the Company. The consideration for these share purchases was satisfied by the Company pursuant to the settlement of a bonus and a share award respectively.

NOTE 14: SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

a. After the end of the reporting period, the Group acquired approximately 865,000 sqm of land near Berlin for future development at total acquisition costs of approximately €3.3 million.

b. In December 2017 the Group acquired 384,658 shares of Deutsche Real Estate AG ("DRE AG"), reflecting approximately 1.87% of DRE AG share capital. Following the acquisition, the Group holds 80.84% of DRE AG.

c. After the end of the reporting period, a subsidiary of the Group has signed an agreement to sell one of its properties for a consideration of €51.4 million. As of the date of approval of these financial statements, the transaction has not yet been completed.