



## REPORT AND ACCOUNTS HY 2023

**SUMMIT**  
Properties Ltd

## **Summit Properties Limited**

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Residential Building in Brooklyn, NYC

# Management Overview

## Summit Properties Limited 2023 Half Year Results

We are pleased to present the interim unaudited results for the six months ended 30 June 2023 ("the Reporting Period") of Summit Properties Limited ("the Company") and its subsidiaries ("the Group").

### Financial Review

#### Results

- Revaluation loss of €52.3 million (HY 2022: €51.3 million profit, FY 2022: €94.2 million gain)
- Net loss of €15.4 million (HY 2022: €62.1 million profit, FY 2022: €125.8 million profit)
- Gross profit of €51.7 million (H1 2022: €46.4 million, FY 2022: €99.0 million)
- Negative EBITDA of €4.0 million (HY 2022: €83.5 million, FY 2022: €172.2 million)
- Loss Before Tax of €20.0 million (HY 2022: €77.3 million profit, FY 2022: €154.2 million profit)

#### NAV

- EPRA NAV<sup>1</sup> of €1.1 billion (FY 2022: €1.2 billion)
- Group's NAV of €1.0 billion (FY 2022: €1.0 billion)
- Total Assets of €2.1 billion (FY 2022: €2.1 billion)
- Shareholder Equity / Total Assets ratio of 47% (FY 2022: 47%)
- Group's net LTV of 31% (FY 2022: 27%)

The decrease in EPRA NAV<sup>1</sup> was mainly a result of a €52.3 million loss from revaluations and a €32.4 million contribution from Funds From Operations (FFO)<sup>1</sup>.

### Operational Review

#### Rent and Operations

- FFO<sup>1</sup> of €32.4 million (HY 2022: €31.7 million, FY 2022: €67.1 million)
- Rental income amounted to €93.4 million (HY 2022: €73.0 million, FY 2022: €168.6 million)

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#### <sup>1</sup> Alternative performance measures

The Group prepares its financial statements using IFRS. However, it also uses a number of adjusted measures in assessing and managing performance of the business.

EPRA metrics:

Performance measures used by the Group include those defined by EPRA, are designed to enhance transparency and comparability across the European real estate sector. The Group considers these standard metrics to be the most appropriate method of reporting the value of the business and a reconciliation to IFRS numbers is included in Note 10(c) of the financial statements.

Funds From Operations ('FFO'):

The Group considers this measure to be most appropriate when considering its dividend policy as it is a cash measure and it is familiar to non-property and international investors. Funds From Operations is a measure determined by recurring operating profits, deducted by the Group's interest expenses and excludes other one off expenses or fair value adjustments.

## Portfolio

- €1.7 billion portfolio as of 30 June 2023 (FY 2022: €1.8 billion) includes:
  - €0.5 billion German properties well located in major cities with a net lettable area of ca. 327,000 sqm and an occupancy rate, excluding properties under development of ca. 90%
  - €1.2 billion US portfolio comprised of 90 residential buildings in NYC with net lettable area of 247,000 sqm and 29 commercial properties across the US with net lettable area of 1.2 million sqm
  - Signed sales of outparcels amounting to \$47 million; \$34 million acquisition of a US shopping centre
  - Full ownership of two NYC hotels (514 rooms) located near Times Square

## Financing

- \$65.5 million of secured debt facilities obtained on US properties:
  - \$45.5 million to refinance three properties at an average annual interest of 6.5% fixed for 5 years
  - \$20 million obtained to acquire a property at an average annual interest of 7.1% fixed for 3 years
- €30.0 million of secured debt facilities obtained post Reporting Period to refinance two German properties; 5-year term at a fixed interest of 4.69% p.a. and 2.25% annual amortization
- €17.4 million buybacks of the company's outstanding senior notes. Additional €50.0 million post Reporting period.

## Dividend

- €26.1 million of dividend declared post Reporting Period, reflecting 8.1 euro cents per share





The Shoreham Hotel, NYC

# Financial statements

## INDEPENDENT REVIEW REPORT TO SUMMIT PROPERTIES LIMITED

### Introduction

We have reviewed the condensed interim consolidated statement of financial position of Summit Properties Limited as of June 30, 2023 and the related condensed interim consolidated statements of profit or loss and other comprehensive income, the condensed interim consolidated statement of changes in equity and the condensed interim consolidated statement of cash flow for the six-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting," as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." 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 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 2023 is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting," as adopted by the European Union.

**Brightman Almagor Zohar & Co.**

**Certified Public Accountants**

**A Firm in the Deloitte Global Network**

**Haifa, Israel**

**19 September, 2023**

### Tel Aviv - Main Office

1 Azrieli Center Tel Aviv, 6701101 P.O.B. 16593 Tel Aviv, 6116402 Tel: +972 (3) 608 5555 | [info@deloitte.co.il](mailto:info@deloitte.co.il)

#### Jerusalem

3 Kiryat Ha'Mada  
Har Hotzvim Tower  
Jerusalem, 914510

#### Haifa

5 Ma'aleh Hashichrur  
P.O.B. 5648  
Haifa, 3105502

#### Eilat

The City Center  
P.O.B. 583  
Eilat, 8810402

#### Nazareth

9 Marj Ibn Amer St.  
Nazareth, 16100

#### Beit Shemesh

Yigal Alon 1 St.  
Beit Shemesh, 9906201

Tel: +972 (2) 501 8888  
Fax: +972 (2) 537 4173  
[info-jer@deloitte.co.il](mailto:info-jer@deloitte.co.il)

Tel: +972 (4) 860 7333  
Fax: +972 (4) 867 2528  
[info-haifa@deloitte.co.il](mailto:info-haifa@deloitte.co.il)

Tel: +972 (8) 637 5676  
Fax: +972 (8) 637 1628  
[info-eilat@deloitte.co.il](mailto:info-eilat@deloitte.co.il)

Tel: +972 (73) 399 4455  
Fax: +972 (73) 399 4455  
[info-nazareth@deloitte.co.il](mailto:info-nazareth@deloitte.co.il)

**Summit Properties Limited**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		30 June		31 December
		2023	2022	2022
		(Unaudited)		(Audited)
Note		Euro (in thousands)		
ASSETS				
NON-CURRENT ASSETS:				
Investment properties	3	1,694,597	1,579,570	1,759,847
Other long-term assets	4	20,051	122,521	20,860
Investment in equity securities		-	303	-
Properties for development		25,383	16,459	20,701
Total non-current assets		1,740,031	1,718,853	1,801,408
CURRENT ASSETS:				
Prepaid expenses and other current assets		23,097	21,336	25,552
Receivables from related parties	5	69,765	39,301	24,531
Trade receivables, net		9,120	4,413	4,686
Cash and cash equivalents		251,627	281,155	278,759
Total current assets		353,609	346,205	333,528
Total assets		2,093,640	2,065,058	2,134,936

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



**Summit Properties Limited**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		30 June		31 December
		2023	2022	2022
		(Unaudited)		(Audited)
	Note	Euro (in thousands)		
EQUITY AND LIABILITIES				
EQUITY:				
Other reserve		172,908	205,154	182,885
Retained gain		820,251	799,832	830,061
Equity attributable to the owners of the Company		993,159	1,004,986	1,012,946
Non-controlling interests		147,436	132,396	158,751
Total equity		1,140,595	1,137,382	1,171,697
NON-CURRENT LIABILITIES:				
Interest-bearing loans and borrowings	6	753,156	727,612	752,319
Other long-term financial liabilities	4	11,443	9,571	9,530
Deferred tax liability		135,613	132,126	141,961
Total non-current liabilities		900,212	869,309	903,810
CURRENT LIABILITIES:				
Interest-bearing loans and borrowings	6	10,475	8,444	8,677
Payables to related parties	5	2,087	1,806	2,619
Current tax liabilities		299	6,135	607
Trade and other payables		39,972	41,982	47,526
Total current liabilities		52,833	58,367	59,429
Total liabilities		953,045	927,676	963,239
Total equity and liabilities		2,093,640	2,065,058	2,134,936
NAV/Share (cent)	10(c)	308.71	312.38	314.85
EPRA NAV/Share (cent)	10(c)	350.86	353.45	358.98

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

19 September 2023

Date of approval of the  
financial statements

Zohar Levy  
Managing Director

Itay Barlev  
Finance Director

## **Summit Properties Limited**

### **CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME**

		Six months ended 30 June		Year ended 31 December
		2023	2022	2022
		(Unaudited)		(Audited)
Note		Euro (in thousands)		
Rental income		93,404	72,987	168,647
Revenues from sale of apartments		1,637	-	3,540
Operating expenses		(42,182)	(26,551)	(70,275)
Cost of sale of apartments		(1,171)	-	(2,893)
Gross profit		51,688	46,436	99,019
General and administrative expenses		(3,702)	(4,725)	(8,831)
Fair value adjustments of investment properties	3	(52,286)	51,345	94,207
Other income (expense)		295	(9,703)	(12,373)
Operating profit (loss)		(4,005)	83,353	172,022
Financial income	8	3,901	5,015	11,456
Financial expenses	8	(19,845)	(11,063)	(29,337)
Total financial expenses		(15,944)	(6,048)	(17,881)
Profit (loss) before taxes on income		(19,949)	77,305	154,141
Tax income (expenses)		4,631	(15,175)	(28,354)
Profit (loss) for the period/year		(15,318)	62,130	125,787
Other comprehensive income ("OCI") and expenses:				
Items that may be reclassified subsequently to profit or loss:				
Foreign exchange differences on translation of foreign operations		(12,086)	43,844	24,298
		(12,086)	43,844	24,298
Items that will not be classified subsequently to profit or loss:				
Net (loss) gain arising on revaluation of financial assets through Other Comprehensive Income ("OCI")		-	-	(119)
		(12,086)	43,844	24,298
Total comprehensive (loss) income for the period/year		(27,404)	105,974	150,085
Profit (loss) for the period/year attributable to:				
Owners of the Company		(9,810)	49,871	80,100
Non-controlling interests		(5,508)	12,259	45,687
		(15,318)	62,130	125,787
Total (loss) comprehensive income attributable to:				
Owners of the Company		(19,776)	93,708	101,668
Non-controlling interests		(7,628)	12,266	48,417
		(27,404)	105,974	150,085
Earnings (loss) per share:				
Basic (Euro per share)	9	(0.030)	0.155	0.249
Diluted (Euro per share)		(0.030)	0.155	0.249

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

**Summit Properties Limited**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Equity attributable to owners of the Company					Total equity
	Issued capital	Other Reserve (Note 10)	Retained Earnings	Total equity attributable to owners of the parent Company	Non-Controlling interests	
	Euro in thousands					
<b>Balance at 1 January 2023 (audited)</b>	(*) -	182,885	830,061	1,012,946	158,751	1,171,697
Loss for the period	-	-	(9,810)	(9,810)	(5,508)	(15,318)
Other comprehensive loss for the period, net of income tax	-	(9,966)	-	(9,966)	(2,120)	(12,086)
<b>Total comprehensive profit</b>	-	(9,966)	(9,810)	(19,776)	(7,628)	(27,404)
Transaction with non-controlling interest	-	-	-	-	(3,687)	(3,687)
Proceeds from issue of shares and buy back	-	(11)	-	(11)	-	(11)
<b>Balance at 30 June 2023 (unaudited)</b>	<b>(*) -</b>	<b>172,908</b>	<b>820,251</b>	<b>993,159</b>	<b>147,436</b>	<b>1,140,595</b>

(\*) No par value.

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



**Summit Properties Limited**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Equity attributable to owners of the Company				Non-Controlling interests	Total equity
	Issued capital	Other Reserve (Note 10)	Retained Earnings	Total equity attributable to owners of the parent Company		
	Euro in thousands					
Balance at 1 January 2022 (audited)	(*) -	161,317	749,961	911,278	106,847	1,018,125
Profit for the period	-	-	49,871	49,871	12,259	62,130
Other comprehensive income for the period, net of income tax	-	43,837	-	43,837	7	43,844
Total comprehensive profit	-	43,837	49,871	93,708	12,266	105,974
Transaction with non-controlling interest	-	-	-	-	13,283	13,283
Balance at 30 June 2022 (unaudited)	(*) -	205,154	799,832	1,004,986	132,396	1,137,382

(\*) No par value.

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

**Summit Properties Limited**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Equity attributable to owners of the Company					Total equity
	Issued capital	Other Reserve (Note 10)	Retained Earnings	Total equity attributable to owners of the parent Company	Non-Controlling interests	
	Euro in thousands					
<b>Balance at 1 January 2022 (audited)</b>	(*) -	161,317	749,961	911,278	106,847	1,018,125
Profit for the year	-	-	80,100	80,100	45,687	125,787
Other comprehensive income for the year, net of income tax	-	21,568	-	21,568	2,730	24,298
<b>Total comprehensive profit</b>	(*) -	21,568	80,100	101,668	48,417	150,085
Transactions with non-controlling interests	-	-	-	-	3,487	3,487
<b>Balance at 31 December 2022 (audited)</b>	(*) -	182,885	830,061	1,012,946	158,751	1,171,697

(\*) No par value.

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

**Summit Properties Limited**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Six months ended 30 June		Year ended 31 December
	2023	2022	2022
	(Unaudited)		(Audited)
	Euro (in thousands)		
<b>Cash flows from operating activities:</b>			
Profit (loss) for the period/year	(15,318)	62,130	125,787
Adjustments for:			
Deferred taxes	(5,239)	15,155	27,036
Financial expenses, net	15,944	6,048	17,881
Fair value adjustment of investment properties	52,286	(51,345)	(94,207)
Depreciation of property, plant and equipment	102	87	204
Other long-term assets	(642)	(119)	(545)
	62,451	(30,174)	(49,631)
<b>Changes in operating assets and liabilities:</b>			
Decrease (Increase) in trade receivables	(3,080)	704	(1,281)
Increase (Decrease) in trade and other payables	(9,663)	1,142	724
Increase (Decrease) in payables to related parties and shareholders	(1,188)	(527)	788
Increase in properties for developments	(4,682)	(2,957)	(7,198)
Decrease (Increase) in prepaid expenses and other current assets	1,210	2,166	(1,790)
Increase (Decrease) in other non-current liabilities	1,962	663	(296)
	(15,441)	1,191	(9,053)
Net cash flows from operating activities	31,692	33,147	67,103
<b>Cash flows from (used in) investing activities:</b>			
Additions of intangible assets	(102)	-	(318)
Change in short-term loan to related parties	(43,382)	-	15,000
Payments in respect to acquisition of Investment Properties and related assets and liabilities	(11,830)	(178,321)	(222,871)
Distribution from an associate	-	919	-
Change in deposits and designated cash	(29)	299	1,824
Change in loan to third party	1,793	(773)	(1,857)
Investments in investment properties	(9,999)	(3,861)	(13,621)
Interest income and proceeds from financial participations	1,362	-	4,845
Proceeds from sale of investment property	32,602	15,362	41,465
Net cash flows used in investing activities	(29,585)	(166,375)	(175,533)
<b>Cash flows from financing activities:</b>			
Proceeds from borrowings from banks	41,125	14,339	72,517
Repayment of borrowings	(31,998)	(14,058)	(40,344)
Interest paid	(15,740)	(6,569)	(24,146)
Proceeds from issue of shares and buy back	(11)	-	-
Repayment of third parties loans	(100)	-	(197)
Buy back of bonds	(15,610)	-	(35,660)
Transaction with non-controlling interest	(3,538)	(499)	(3,848)
Net cash flows from financing activities	(25,872)	(6,787)	(31,678)
Effect of change in exchange rates on cash balances hold in foreign currency	(3,367)	10,984	8,681
Decrease in cash and cash equivalents	(27,132)	(129,031)	(131,427)
Cash and cash equivalents at the beginning of period/year	278,759	410,186	410,186
Cash and cash equivalents at the end of period/year	251,627	281,155	278,759

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



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**Summit Properties Limited**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1: GENERAL**

Summit Properties Ltd. (the “Company”) and its subsidiaries (together: the “Group”) is a 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 portfolio of investment properties in Germany and in the US. In Germany, the Group owns, enhances and operates commercial real estate assets including office buildings, logistic centres and others, which are leased to numerous commercial and industrial tenants. The US portfolio comprises commercial properties throughout the US leased to numerous tenants and multi-tenant residential properties in New York City.

The Group invests primarily in such properties that provide substantial income flows and potential for value increase through asset management.

**NOTE 2: ACCOUNTING POLICIES**

**Basis of preparation:**

The annual financial statements of Summit Properties Limited are prepared in accordance with IFRS 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 Report at 31 December 2022. The presentation of the Unaudited Condensed Interim Financial Statements is consistent with the Annual Financial Report.

The Group does not operate in an industry where significant or cyclical variations, as a result of seasonal activity, are experienced during any particular financial period.

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.

**Valuation of investment properties**

For the purpose of determining the fair value of the investment properties, the Company relies on a valuation performed by an independent external appraiser at least once a year. In addition, at each interim reporting date, the Company examines the need to update the estimation of the fair value of its investment properties in relation to the fair value that was determined when last valuation was conducted, in order to examine whether the estimate represents an accurate estimate of fair value as of the interim reporting date. This examination is done by reviewing changes in the relevant real estate market, lease agreements, the macroeconomic environment of the investment properties, new information regarding material transactions made in the properties’ environment and similar properties and any other information that may indicate changes in the fair value of the properties. If, according to the Company's estimation, there are signs with respect to certain investment properties that the fair value as of the reporting date differs materially from the fair value estimated at the last date on which the last valuation was conducted, the Company estimates the fair value of these investment properties at the interim reporting date.

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**Summit Properties Limited**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 2: ACCOUNTING POLICIES (cont.):**

**Valuation of investment properties (Cont.)**

As of 30, June 2023, the Company has revaluated some of its properties, based on valuations prepared by its external appraiser. According to valuation reports, the decrease in fair value during the period amounted to approximately EUR 52 million. This decline derived mainly from the increase in the discount and capitalization rates in the German real estate market. For the rest of the properties in the portfolio (including properties acquired during the period), the Company examined whether there were signs that the fair value of the investment properties differs substantially from the value estimated by external appraisers during the year 2022, or the acquisition price (for properties acquired recently). Based on such analysis, no changes occurred that can lead to a significant change in the fair value of the portfolio. For further details see Note 3.

**Taxation**

The tax expense for the period is based on an estimated annual effective rate, which requires management to make its best estimate of annual pre-tax income for the year. During the year, management regularly updates its estimates based on changes in various factors.

**Amendments to standards affecting the current period and/or previous reporting periods that did not have a material impact on Financial statements:**

**Amendments to IAS 1 Presentation of Financial Statements (Disclosure of accounting policies)**

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

**Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates**

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

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**Summit Properties Limited**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 2: ACCOUNTING POLICIES (cont.):**

**Amendments to standards affecting the current period and/or previous reporting periods that did not have a material impact on Financial statements (Cont.)**

**Amendments to IAS 12 Income Taxes –Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

**Amendments to standards that have been published and are not in effect and have not been adopted**

**Modification to the requirement of the amendment to IAS 1 Presentation of Financial Statements-Classification of liabilities as Current or Non-current**

The amendment in Non-current Liabilities with Covenants modify the requirements introduced by Classification of Liabilities as Current or Non-current on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances: Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments are effective for annual reporting periods beginning on or after 1 January 2024.



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**Summit Properties Limited**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 3: INVESTMENT PROPERTIES**

**A. Movements in the balance of investment properties**

	<b><u>Euro in thousands</u></b>
Balance at 1 January 2022 (audited)	1,236,791
Additions for the year	435,961
Disposals during the year	(41,465)
Foreign currency translation reserve	34,353
Fair value adjustments during the year	94,207
Balance at 31 December 2022 (audited)	<u>1,759,847</u>
Additions during the period (B)	41,665
Disposals during the period (C)	(32,602)
Foreign currency translation reserve	(22,027)
Fair value adjustments during the period	(52,286)
Balance at 30 June 2023 (unaudited)	<u>1,694,597</u>

**B. Additions:**

**Additions in USA during the reporting period**

**a. Acquisitions of commercial properties**

During the reporting period one commercial property was acquired for a total consideration of approximately \$34 million. The said property includes lettable area of approximately 46,000 thousand sqm. The expected Net Operating Income ("NOI"), based on existing net contracts, amounts to approximately \$5.8 million. To finance the acquisition, the Group obtained a \$20 million loan on a 10-year term, bearing an annual interest rate of 7.1% p.a. fixed for the first 3 years of the loan and 6.88% annual amortisation.

Following this acquisition, the Company holds 29 commercial properties across the United States, with a total lettable area of approximately 1.2 million square meters.

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**Summit Properties Limited**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 3: INVESTMENT PROPERTIES (cont.):**

- b. Following is a list of assets and liabilities acquired during the reporting period (in connection with the above acquisitions):

	<b><u>Euro</u></b> <b><u>in thousands</u></b>
Consideration	11,830
Investment properties	31,453
Other tangible assets	3
Other assets	785
Interest bearing loans and borrowings	(18,129)
Other liabilities	(688)
<b>Total assets, Net</b>	<b>13,424</b>
Attributable to equity holders of the Company	11,830
Attributable to non-controlling interests	1,594

**C. Disposals**

During the reporting period, the Company sold approximately \$37 million of US outparcels. \$29 million of the fund proceeds were used to repay the financial liabilities associated with the sold outparcels. After the end of the reporting period additional \$9.1 of outparcels were sold.

- D. For additional information about investment properties and movement in the balance during the year 2022, see Note 5 of the consolidated financial statements as of 31 December 2022.

**Summit Properties Limited**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 4: OTHER LONG-TERM ASSETS AND LIABILITIES**

	<b>30 June</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>2022</b>	<b>2022</b>
	<b>Euro in thousands</b>	
<b>Other long-term financial assets:</b>		
Financial assets measured at fair value through OCI (1)	3,495	3,625
Long-term loans receivable measured at amortised cost (2)	2,579	12,544
Financial assets measured at fair value through profit and loss (3)	9,451	102,282
Other financial assets	2,207	1,073
Total long-term financial assets	<u>17,732</u>	<u>119,524</u>
<b>Other long-term non-financial assets:</b>	<u>2,320</u>	<u>2,997</u>
<b>Other long-term financial liabilities:</b>		
Other Financial liabilities (4)	<u>11,443</u>	<u>9,571</u>

- (1) See Note 6 of the consolidated financial statements as of 31 December 2022.
- (2) Long-term loans receivable including loans to third parties.
- (3) The Group is engaged in agreements to provide financing to several residential construction projects in Berlin. The projects are for construction of residential units and are at different stages of planning and construction. The loans are secured by liens and guarantees of the construction companies and their shareholders and will be payable from the projects' proceeds. As of June 30, 2023 the fair value of the loans is approximately €11 million, out of which, €1.5 million included in short term assets.
- (4) As of 30 June 2023, the balance mainly comprises of €5.4 million of tenant security deposits and €1.8 million related to the impact of adopting IFRS 16 starting from 1 January 2019, whereby a right of use assets has been recognised for the Group's leased office premises.

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**Summit Properties Limited**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 5: BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

	<b>Amounts owed by related parties</b>		<b>Amounts owed to related parties</b>		
	<b>30 June</b>		<b>31 December</b>		
	<b>2023</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>(unaudited)</b>		<b>(audited)</b>	<b>(unaudited)</b>	<b>(audited)</b>
	<b>Euro in thousands</b>				
Related parties	69,765	39,301	24,531	2,087	1,806
					2,619

As of June 30, 2023, Summit Real Estate Holdings Ltd ("SHL") holds approximately 99.16% of the Ordinary shares of Summit Properties limited. SHL is under the control of Mr. Zohar Levy. Summit Management CO S.A. ("SMC"), a company controlled by Zohar Levy, was appointed as an Asset Manager on 19 May 2006.

The balance owed by related party as of 30 June 2023 comprised of a loan to SHL. The loan bears an interest rate of 3-month Libor plus a margin of 1%.

**Terms and conditions of the management agreements**

See note 13b of the consolidated financial statements as of 31 December 2022 for terms and conditions of the management agreements.

As of 30 June 2023, the performance criteria were met and a pro-rata provision in the amount of €375,000 was made during the period. The payment of the performance-based bonus is subject to the approval of the board of directors of the Company after the end of the accounting year.

During the second quarter of 2023, a Special Bonus in the amount of €3.2 million (of which €0.75 million of performance-based bonus) as defined in note 13b of the consolidated financial statements as of 31 December 2022 and in respect of the period described in note 13b of the consolidated financial statements as of 31 December 2022, was paid to SMC.

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**Summit Properties Limited**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 6: INTEREST - BEARING LOANS AND BORROWING**

- 1) During the period, the Company obtained debt facilities secured by of commercial properties in the United States in the amount of approximately \$45.5 million for a period of 15 years, at an interest rate of approximately 6.4% fixed for the first five years if the loan.
- 2) See note 3a for further information regarding the new loan that was obtained as part of the purchase of the commercial property during the period.
- 3) A loan in amount of approximately \$29 million was repaid using the proceeds from sale of outparcels as mentioned in note 3c.
- 4) During the period, the company acquired approximately €17.5 million of senior fixed rate notes issued by the Company for approximately €15.6 million. The balance of the senior fixed rate notes issued, as of 30 June 2023, is approximately €244 million. See note 12 for acquisition of senior notes post reporting period.

As of 30 June 2023, and to the date of this report, the borrowing entities comply with all the covenants set in their financing agreements.

**NOTE 7: 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 (certain long term loans receivable and unquoted equity shares) 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 of the consolidated financial statements as of 31 December 2022 for valuation approach adopted on investment property.

**Summit Properties Limited**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 7: FAIR VALUE (Cont.)**

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

	30 June 2023			
	Level 1	Level 2	Level 3	Total
	Euro in thousands			
<b>Non-financial assets</b>				
Investment properties (Note 3)	-	-	1,694,597	1,694,597
<b>Financial assets</b>				
Financial assets measured at fair value through profit and loss (Note 4)	-	-	10,951	10,951
Financial assets at FVTOCI	-	-	3,495	3,495
Total	-	-	1,709,043	1,709,043

	30 June 2022			
	Level 1	Level 2	Level 3	Total
	Euro in thousands			
<b>Non-financial assets</b>				
Investment properties (Note 3)	-	-	1,579,570	1,579,570
<b>Financial assets</b>				
Financial assets measured at fair value through profit and loss (Note 4)	-	-	103,782	103,782
Financial assets at FVTOCI	-	-	3,625	3,625
Total	-	-	1,686,977	1,686,977

	31 December 2022			
	Level 1	Level 2	Level 3	Total
	Euro in thousands			
Non - Financial assets:				
Investment properties (note 5)	-	-	1,759,847	1,759,847
Financial assets				
Financial assets measured at fair value through profit and loss (a)	-	-	9,846	9,846
Financial assets at FVTOCI	-	-	3,495	3,495
Total	-	-	1,773,188	1,773,188



**Summit Properties Limited**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 8: FINANCIAL EXPENSES (INCOME)**

	Six months ended 30 June	Year ended 31 December
	2023	2022
	2023	2022
	Euro in thousands	
<b>Financial expenses:</b>		
Interest on borrowings	15,516	9,871
Amortization of cost of raising loans	1,704	423
Other (*)	2,625	769
Total financial expenses	<u>19,845</u>	<u>11,063</u>
<b>Financial income:</b>		
Total financial income	<u>3,901</u>	<u>5,015</u>
	<u>11,454</u>	

(\*) Including currency exchange expenses, net

**NOTE 9: EARNINGS PER-SHARE**

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

	Six months ended 30 June	Year ended 31 December
	2023	2022
	2023	2022
	Euro in thousands	
<b>Earnings</b>		
Earnings for the purposes of basic earnings per share being net (loss) profit attributable to owners of the Company	<u>(9,810)</u>	<u>49,871</u>
	<u>80,100</u>	

	Six months ended 30 June	Year ended 31 December
	2023	2022
	2023	2022
	in thousands	

**Number of shares**

Weighted average number of ordinary shares for the purposes of the basic earnings per share

321,720	321,722	321,722
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	Six months ended 30 June	Year ended 31 December
	2023	2022
	2023	2022
	(Unaudited)	(Audited)

**Earnings per share:**

Basic (Euro per share)	<u>(0.030)</u>	<u>0.155</u>	<u>0.25</u>
Diluted (Euro per share)	<u>(0.030)</u>	<u>0.155</u>	<u>0.25</u>

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

**Summit Properties Limited**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 10: SHARE CAPITAL**

- A. The authorized share capital of the Group is represented by an unlimited number of Ordinary shares with no par value.

	<b>Issued and outstanding Number of shares</b>
<b>At 1 January 2022</b>	321,722,372
Change in the period	-
<b>At 30 June 2022</b>	321,722,372
Change in the period	-
<b>At 31 December 2022</b>	321,722,372
Change in the period	(7,777)
<b>At 30 June 2023</b>	321,714,595

**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, which balance as of 30 June 2023 is €151.2 million (as of 30 June 2022 €151.2 million, as of 31 December 2022: €151.2 million). This balance is included in other reserves.

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. NAV and EPRA NAV:**

	<b>As of 30 June 2023</b>		<b>As of 30 June 2022</b>		<b>As of 31 December 2022</b>	
	<b>€, thousands</b>	<b>€, per share</b>	<b>€, thousands</b>	<b>€, per share</b>	<b>€, thousands</b>	<b>€, per share</b>
NAV (*)	993,159	3.09	1,004,986	3.12	1,012,946	3.15
Deferred Tax, net	135,613		132,126		141,961	
EPRA NAV (**)	1,128,772	3.51	1,137,112	3.53	1,154,907	3.59

(\*) Net Asset Value

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

**Summit Properties Limited**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 11: OPERATING SEGMENTS:**

**A. General**

Information reported to management for the purposes of resource allocation and assessment of segment performance is focused on the category of customer for each type of activity. The Group's reportable segments under IFRS 8 are therefore as follows:

Segment A - investment properties - Leasing property for rental income in Germany.

Segment B – commercial investment properties - Leasing property for rental income in the US.

Segment C - residential investment properties – Leasing property for rental income in the US.

Segment D – Other.

The segment's assets include all of the operating assets used by the segment.

The segment's assets and liabilities do not include deferred taxes.

**B. Analysis of income and results by operating segments:**

Segment income and expenses include income and expenses arising from the operating activities of the segments that are directly attributable to business segments.

Six months ended June 30, 2023:

	<b>Investment Properties - Germany</b>	<b>Commercial investment properties - USA</b>	<b>Residential investment properties - USA</b>	<b>Other</b>	<b>Total</b>
	<b>Euro in thousands</b>				
Income	11,029	47,617	24,461	11,934	95,041
<b>Segment (loss) profit (*)</b>	(43,274)	30,536	8,267	466	(4,005)
Expenses not allocated to the segment					-
Operating loss					(4,005)
Finance expenses, net	(1,766)	(8,939)	(5,239)	-	(15,944)
(Loss) Profit before taxes on income	(45,040)	21,597	3,028	466	(19,949)
(*) Includes revaluation (loss) gain of investment properties	(49,968)	214	(2,532)	-	(52,286)

**Summit Properties Limited**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 11: OPERATING SEGMENTS (Cont.):**

**B. Analysis of income and results by operating segments (Cont.):**

June 30, 2023:

	Investment Properties Germany	Commercial investment properties - USA	Residential investment properties - USA	Other	Total
	Euro in thousands				
Segment assets	801,926	699,294	535,439	56,981	2,093,640
Assets not allocated to the segment					-
<b>Total assets</b>					<u>2,093,640</u>
Segment liabilities	275,150	193,603	341,587	7,092	817,432
Liabilities not allocated to the segment					135,613
<b>Total Liabilities</b>					<u>953,045</u>

Six months ended June 30, 2022:

	Investment Properties - Germany	Commercial investment properties - USA	Residential investment properties - USA	Other	Total
	Euro in thousands				
Income	10,422	32,765	22,326	7,474	72,987
<b>Segment profit (*)</b>	(2,877)	63,272	22,715	-	83,110
Expenses not allocated to the segment					243
Operating profit					<u>83,353</u>
Finance expenses, net					<u>(6,048)</u>
Profit before taxes on income					<u>77,305</u>
(*) Includes revaluation gain of investment properties	(3,935)	38,572	16,708	-	51,345

**Summit Properties Limited**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 11: OPERATING SEGMENTS (Cont.):**

**B. Analysis of income and results by operating segments (Cont.):**

June 30, 2022:

	<b>Investment Properties Germany</b>	<b>Commercial investment properties - USA</b>	<b>Residential investment properties - USA</b>	<b>Other</b>	<b>Total</b>
	<b>Euro in thousands</b>				
Segment assets	890,478	576,588	551,710	46,282	2,065,058
Assets not allocated to the segment					-
<b>Total assets</b>					<u>2,065,058</u>
Segment liabilities	335,036	96,670	350,674	13,170	795,550
Liabilities not allocated to the segment					132,126
<b>Total Liabilities</b>					<u>927,676</u>

Year ended December 31, 2022:

	<b>Investment Properties - Germany</b>	<b>Commercial investment properties - USA</b>	<b>Residential investment properties - USA</b>	<b>Other</b>	<b>Total</b>
	<b>Euro in thousands</b>				
Income	19,004	77,274	49,113	26,796	172,187
<b>Segment profit (*)</b>	(30,192)	167,771	33,806	637	172,022
Expenses not allocated to the segment					-
Operating profit					<u>172,022</u>
Finance expenses, net	599	(8,128)	(10,352)	-	(17,881)
Profit before taxes on income	(29,593)	159,642	23,455	637	<u>154,141</u>
(*) Includes revaluation gain of investment properties	(39,142)	118,351	14,998	-	94,207

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**Summit Properties Limited**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 11: OPERATING SEGMENTS (Cont.):**

**B. Analysis of income and results by operating segments (Cont.):**

Year ended December 31, 2022:

	<b>Investment Properties Germany</b>	<b>Commercial investment properties - USA</b>	<b>Residential investment properties - USA</b>	<b>Other</b>	<b>Total</b>
	<b>Euro in thousands</b>				
Segment assets	824,179	713,046	551,726	45,985	2,134,936
Assets not allocated to the segment					-
<b>Total assets</b>					<u><u>2,134,936</u></u>
Segment liabilities	295,399	169,047	345,971	10,858	821,275
Liabilities not allocated to the segment					141,961
<b>Total Liabilities</b>					<u><u>963,236</u></u>



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**Summit Properties Limited**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 12: SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

- 1) The Company obtained €30 million debt facilities secured by German properties for a period of five years, at a fixed annual interest rate of 4.69% and 2.25% annual amortisation.
- 2) The Company declared €26.1 million of interim dividend to be distributed on 29 September 2023, reflecting 8.1 euro cents per share.
- 3) The Company acquired €50.0 million of senior fixed rate notes issued by the Company for approximately €47.0 million. Following the acquisition, the balance of the senior fixed rate notes is approximately €194 million.