



# ANNUAL REPORT AND ACCOUNTS 2024

**SUMMIT**  
Properties Ltd

INDEX	<u>Page</u>
Summary	2-3
Independent auditor's report	4
Consolidated Statements of Financial Position	5-6
Consolidated Statements of Comprehensive income	7
Consolidated Statements of Changes in Equity	8
Consolidated Statements of Cash Flows	9
Notes to the Consolidated Financial Statements	10 - 50



Residential Building in New York City, USA

# Management Overview

**Summit Properties Limited**  
**2024 Full Year Audited Results**

We are pleased to present the audited results for the twelve months ended 31 December 2024 ("the Reporting Period") of Summit Properties Limited ("the Company") and its subsidiaries ("the Group").

**Results**

- Gross profit of €94.3 million (FY 2023: €99.1 million)
- Net Profit of €42.0 million (FY 2023: €63.2 million loss)
- Revaluation loss of €54.6 million (FY 2023: €151.9 million loss)
- EBITDA of €26.7 million (FY 2023: negative EBITDA of €62.6 million)
- Profit Before Tax of €34.4 million (FY 2023: €87.4 million loss)

**NAV**

- EPRA NAV of €1.1 billion (FY 2023: €1.0 billion)
- Group's NAV of €1.0 billion (FY 2023: €0.9 billion)
- Total Assets of €2.0 billion (FY 2023: €1.9 billion)
- Shareholder Equity / Total Assets ratio of 52% (FY 2023: 48%)

**Rent and Operations**

- Funds From Operations (FFO) amounted to €59.0 million (FY 2023: €60.5 million)
- Rental income amounted to €180.1 million (FY 2023: €185.7 million)

**Portfolio**

- €1.6 billion portfolio as of 31 December 2024 (FY 2023: €1.6 billion) includes:
  - €0.5 billion German properties 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%
  - €1.1 billion US portfolio comprised of:
    - 90 residential buildings in NYC with net lettable area of 247,000 sqm
    - 27 commercial properties across the US with net lettable area of 1.1 million sqm
    - Full ownership of two hotels with 514 rooms in Manhattan

**Financing**

- €300 million full repayment of the Company's outstanding senior notes in January 2025
- €15 million US refinancing at 13-year term and an average annual interest of 7.75% fixed for three years
- €62 million financial investment in Paz Oil Company Ltd. for 6.3% in the company

## **Main Risks and Uncertainties**

The Group is exposed to risks arising from the sector and economic environment, in which it operates. The Group has identified the following risk factors:

### Macro-economic risk factors

- A.** Risks arising from the countries in which the Group operates – inflation pressure in the local economies may lead to further increase in interest rates, which in turn might impact the cost of financing and the value of the Group's properties. However, most of the Company's loans bear a fixed interest rate and therefore are not exposed to changes in the basic interest rate, except when refinancing of loans occurs. In addition, lease agreements with Group's tenants are either linked to price index or include periodic increases in rent and the Group does not have material obligations which are linked to consumer price index. It is noted, that in the longer term, if the trend of increasing inflation together with increasing interest rates continues at its current level, it may adversely affect the tenants or customers and cause a decrease in demand and consequently impact the results of the company's activity and value of its assets.
- B.** Risks arising from the countries in which the Group operates – recession in and deterioration of global economy and the German or US economy in particular, may cause a decrease in demand for lettable areas, increased vacancies and as such impact the value of the property.
- C.** Risks relating to changes in foreign exchange rates – the Group operates in Euro in the German market and in US Dollars in the US market. A rise in the US/EUR Dollar exchange rate will increase Company's capital, while a decline will decrease it.

The Group is not able to assess the future effects (if any) of the above macro-economic conditions. However, the Group estimates that the nature and geographical spread of its properties, the diversity of its tenants its financial strength, together with the balance of cash and cash flows from operating activities will continue to ensure the ongoing business activity of the Group while complying with all its obligations.

### Sectorial risk factors

- A.** Availability and cost of financing in Germany and the US – a decline in availability of financing sources and a rise in financing costs exposes the Group to an increase in finance expenses. The Group strive on an ongoing basis to extend the loans ahead of their maturity and also maintains a variety of financing channels.
- B.** Financial covenants compliance - banking facilities include various covenant requirements. A failure to meet loan covenants could result in possible default or penalties. The Group regularly monitors compliance with covenants and addresses any issue that may arise.
- C.** Residential rent control – the Group's US residential properties are subject to regulations, which hold the Group, as property owner, liable to it and include, among other, the control over the level of rent chargeable in the properties. Such regulation exposes the Group to impacts of regulatory changes related to rent control and the liability of the property owner towards its tenants.
- D.** Leasing to anchor tenants – leasing to anchor tenants strengthens the performance of a commercial property and creates stability of cash flows. However, if several anchor tenants were to vacate the US commercial centres, a negative impact may occur on income and value of such properties. The diversified nature of asset types in the Group's property portfolio, as well as its geographical spread and diversity of tenants, decreases the related impact on the overall Group's results and financial strength.



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Summit Properties Limited

### Opinion

We have audited the consolidated financial statements of Summit Properties Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

### Brightman Almagor Zohar & Co.

#### Certified Public Accountants

#### A Firm in the Deloitte Global Network

Haifa, 24 April 2025

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Animas Valley Mall, New Mexico, USA

# Financial statements

**SUMMIT PROPERTIES LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>As of 31 December</b>		<b>2024</b>	<b>2023</b>
	<i>Note</i>	<i>Euro (in thousands)</i>	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS:</b>			
Investment properties	<i>5</i>	1,598,519	1,570,122
Other long-term assets	<i>6</i>	11,524	17,276
Properties for development		6,128	5,329
Total non-current assets		<u>1,616,171</u>	<u>1,592,727</u>
<b>CURRENT ASSETS:</b>			
Prepaid expenses and other current assets	<i>9</i>	112,013	24,941
Receivables from related parties	<i>13</i>	-	11,005
Trade receivables, net	<i>8</i>	10,086	8,682
Inventory of buildings under construction	<i>21</i>	22,918	25,562
Cash and cash equivalents	<i>10</i>	215,127	268,665
Total current assets		<u>360,144</u>	<u>338,855</u>
Total assets		<u>1,976,315</u>	<u>1,931,582</u>

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



**SUMMIT PROPERTIES LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As of 31 December		2024	2023
	<i>Note</i>	<i>Euro (in thousands)</i>	
EQUITY AND LIABILITIES			
EQUITY:			
Other reserve	11	196,705	162,691
Retained earnings		834,823	755,500
Total equity attributable to the owners of the Company		1,031,528	918,191
Non-controlling interests		86,582	129,902
Total equity		1,118,110	1,048,093
NON-CURRENT LIABILITIES:			
Interest-bearing loans and borrowings	7	491,519	700,781
Other long-term financial liabilities	6	10,784	10,639
Deferred tax liability	17	110,521	116,325
Total non-current liabilities		612,824	827,745
CURRENT LIABILITIES:			
Interest-bearing loans and borrowings	7	204,090	22,589
Payables to related parties	13	6,306	1,623
Trade and other payables	14	34,985	31,532
Total current liabilities		245,381	55,744
Total liabilities		858,205	883,489
Total equity and liabilities		1,976,315	1,931,582

24 April 2025

Date of approval of the  
financial statements

Zohar Levy  
Managing Director

Itay Barlev  
Finance Director

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

**SUMMIT PROPERTIES LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**

<b>For The Year ended 31 December</b>		<b>2024</b>	<b>2023</b>
	<i>Note</i>	<i>Euro (in thousands)</i>	
Rental income		180,122	185,733
Revenues from sale of apartments		7,659	5,161
Operating expenses		(87,520)	(87,831)
Cost of sale of apartments		(5,917)	(3,934)
Gross profit		<u>94,344</u>	<u>99,129</u>
General and administrative expenses	15	(9,473)	(8,111)
Fair value adjustments of investment properties	5	(54,639)	(151,910)
Other expenses		(3,357)	(1,481)
Operating profit (loss)		<u>26,875</u>	<u>(62,373)</u>
Financial income	16	36,426	11,600
Financial expenses	16	(28,944)	(36,599)
Total financial income (expenses)		<u>7,482</u>	<u>(24,999)</u>
Profit (loss) before taxes on income		<u>34,357</u>	<u>(87,372)</u>
Income tax	17	7,628	24,174
<b>Profit (loss) for the year</b>		<u><b>41,985</b></u>	<u><b>(63,198)</b></u>
<b>Other comprehensive income and expenses:</b>			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange differences on translation of foreign operations		38,518	(22,690)
		<u>38,518</u>	<u>(22,690)</u>
Items that will not be reclassified subsequently to profit or loss:			
Net loss arising on revaluation of financial assets through Other Comprehensive Income ("OCI")		-	(1,248)
		<u><b>38,518</b></u>	<u><b>(23,938)</b></u>
<b>Total comprehensive income (loss) for the year</b>		<u><b>80,503</b></u>	<u><b>(87,136)</b></u>
<b>Profit (loss) for the year attributable to:</b>			
Owners of the Company		40,692	(42,390)
Non-controlling interests		1,293	(20,808)
		<u>41,985</u>	<u>(63,198)</u>
<b>Total comprehensive income (loss) attributable to:</b>			
Owners of the Company		74,706	(62,573)
Non-controlling interests		5,797	(24,563)
		<u>80,503</u>	<u>(87,136)</u>
<b>Earnings (loss) Per Share:</b>			
Basic (Euro per share)	12	0.126	(0.132)
Diluted (Euro per share)		<u>0.126</u>	<u>(0.132)</u>

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

**SUMMIT PROPERTIES LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Issued capital (note 11)	Other Reserves (note 11)	Retained Earnings	Total equity attributable to owners of the parent Company	Non- Controlling interests	Total equity
	<i>Euro (in thousands)</i>					
<b>Balance at 31 December 2022</b>	(*) -	182,885	830,061	1,012,946	158,751	1,171,697
Loss for the year	-	-	(42,390)	(42,390)	(20,808)	(63,198)
Other comprehensive loss for the year, net of income tax	-	(20,183)	-	(20,183)	(3,755)	(23,938)
<b>Total comprehensive loss</b>	(*) -	(20,183)	(42,390)	(62,573)	(24,563)	(87,136)
Dividend distribution (note 11E)		-	(32,171)	(32,171)	-	(32,171)
Buy back		(11)	-	(11)	-	(11)
Transaction with non-controlling interests (note 11D)	-	-	-	-	(4,286)	(4,286)
<b>Balance at 31 December 2023</b>	(*) -	162,691	755,500	918,191	129,902	1,048,093
Profit for the year	-	-	40,692	40,692	1,293	41,985
Other comprehensive profit for the year, net of income tax	-	34,014	-	34,014	4,504	38,518
<b>Total comprehensive profit</b>	(*) -	34,014	40,692	74,706	5,797	80,503
Transaction with non-controlling interests (note 11D)	-	-	38,631	38,631	(49,117)	(10,486)
<b>Balance at 31 December 2024</b>	(*) -	196,705	834,823	1,031,528	86,582	1,118,110

(\*) No par value.

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

**SUMMIT PROPERTIES LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

<b>For The Year ended 31 December</b>	<b>2024</b>	<b>2023</b>
	<i>Euro (in thousands)</i>	
<b><u>Cash flows from operating activities:</u></b>		
Profit (loss) for the year	41,985	(63,198)
Adjustments for:		
Deferred taxes	(8,320)	(23,756)
Financial income, net	(7,482)	24,999
Fair value adjustment of investment properties	54,639	151,910
Depreciation of property, plant and equipment	139	202
Other long-term Assets	(563)	729
	<u>38,413</u>	<u>154,084</u>
<b><u>Changes in operating assets and liabilities:</u></b>		
Increase in trade receivables and contract assets	(166)	(2,842)
Decrease in trade and other payables	(2,247)	(15,341)
Decrease in payables to related parties and shareholders	(205)	(980)
(Increase) decrease in properties for development and Inventory of buildings under construction	2,067	(9,902)
Increase in prepaid expenses and other current assets	(2,718)	(1,084)
Increase (decrease) in other non-current liabilities	(127)	1,313
	<u>(3,396)</u>	<u>(28,836)</u>
Net cash flows from operating activities	77,002	62,050
<b><u>Cash flows from (used in) investing activities:</u></b>		
Additions of tangible assets	(4)	(262)
Other long term assets	(6)	-
Payments in respect to acquisition of investment properties and related assets and liabilities	-	(11,827)
Change in loan to related parties	11,754	(15,102)
Dividend inflows	6,347	-
Investment in shares of traded company	(61,363)	-
Additions to properties for development	(799)	-
Change in deposits and designated cash	490	(140)
Change in loans to third party	466	389
Additions in investment properties	(20,783)	(19,014)
Proceeds from sale of investment property	12,777	46,150
Interest received and proceeds from financial assets	6,097	3,463
Net cash flows from (used in) investing activities	<u>(45,024)</u>	<u>3,657</u>
<b><u>Cash flows used in financing activities:</u></b>		
Proceeds from borrowings from banks	13,547	70,871
Repayment of borrowings	(66,196)	(38,605)
Interest paid	(26,637)	(31,282)
Receiving of borrowing from related parties and shareholders	5,006	-
Buy back of bonds	(6,320)	(68,032)
Proceeds from issue of shares and buy back	-	(11)
Dividend distribution	(52)	(229)
Transaction with non-controlling interest	(9,268)	(7,060)
Net cash flows used in financing activities	<u>(89,920)</u>	<u>(74,348)</u>
Effect of change in exchange rates on cash balances hold in foreign currency	4,404	(1,453)
Decrease in cash and cash equivalents	(53,538)	(10,094)
Cash and cash equivalents at beginning of the year	268,665	278,759
Cash and cash equivalents at end of the year	<u>215,127</u>	<u>268,665</u>

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

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

**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 and its principal place of business is at 1st and 2nd Floors, Elizabeth House, Les Ruettes Brayes, St. Peter Port, Guernsey, GY1 1EW. 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 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: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards). The financial statements have also been prepared in accordance with IFRS Accounting Standards adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

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

The principal accounting policies adopted are set out below.

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

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

**Going concern**

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

**Basis of consolidation:**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- Has the power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- Potential voting rights held by the Company, other vote holders or other parties
- Rights arising from other contractual arrangements
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

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

**Basis of consolidation (Cont.):**

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

In cases where the company has contractual arrangements that include "waterfall" mechanisms for profit sharing, i.e. the profit distribution rate is carried out according to different rates from the rate of holding of equity rights (Members) in the subsidiaries, the company implements the "hypothetical liquidation at book value" method. In accordance with this method, the share of the company and the non-controlling interests over the results of the subsidiary are determined on the assumption that at the end of the reporting period, the subsidiary would have sold or divided its assets and repaid its liabilities according to their book value taking into account further distributions and investments made by the other equity rights holders.

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

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

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

**Revenue recognition:**

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer. The following specific recognition criteria must also be met before revenue is recognised:

Rental income (The Group as lessor):

The Group enters into lease agreements as a lessor with respect to its investment properties. Such leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Municipal charges that the Group collects from the tenants and transfers to the local authorities are presented on a net basis in the financial statements, since these amounts are paid by the lessee for a service provided by the local authorities and without the Group being involved in any way in providing the service. Utility charges are recognized on a net basis since the Group is not primarily responsible for providing these services and the services are provided to the tenants without any material involvement of the Group.

Revenues from the sale of apartments:

The Group constructs and sells residential properties under long-term contracts with customers. Such contracts are entered into before construction of the residential properties begins. Under the terms of the contracts, the Group is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done. Revenue from construction of residential properties is therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Group considers that this method is an appropriate measure of the progress towards completion of these performance obligations under IFRS 15.

The Group becomes entitled to invoice customers for construction of residential properties based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method then the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is always less than one year.



**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

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

**Foreign currencies:**

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

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the parent company are reclassified to profit or loss. When a subsidiary of the Company (hereinafter: the "Holding Company"), whose functional currency is different from the functional currency of the Company, holds a number of companies whose functional currency is identical to the functional currency of the Holding Company (hereinafter: the "Held Subsidiaries"), the exchange differences accumulated in a foreign exchange translation reserve in respect of these companies (including in respect of loans that are part of the net investment in the companies) are reclassified to profit or loss upon the disposal of all the Held Subsidiaries.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

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

**Taxation:**

The income tax expense represents the sum of tax currently payable and deferred tax.

Current Taxes:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax:

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale.

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

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

**Taxation (Cont.)**

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

Current tax and deferred tax for the year:

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**Financial instruments**

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or at fair value through other comprehensive income (FVTOCI), unless they don't meet the criteria required for the measurement at amortised cost of FVTOCI then they are measured at fair value through profit or loss.

In addition, on initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

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

**Financial instruments (Cont.)**

**Financial assets (Cont.)**

*Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost - trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime expected credit losses (ECL) for trade receivables and contract assets. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and the economic environment. This is further enhanced with specific provisions where this is deemed appropriate by management.

For other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

*Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

**Financial liabilities and equity**

*Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

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

**Financial instruments (Cont.)**

**Financial liabilities and equity (Cont.)**

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**Financial liabilities**

All of the Group financial liabilities are presented and measured at amortised cost.

Financial liabilities are initially recognised at fair value less transaction costs. After initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

**Derecognition of financial liabilities**

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

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

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

**Investment properties**

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

**Inventory of buildings under construction and properties for development**

Inventory of buildings under construction and properties for development are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated selling costs.

Cost of inventories of apartments under construction and inventories of real estate comprises identifiable direct costs of land such as taxes, fees and duties and construction costs.

**Impairment of assets**

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

**Cash and cash equivalents**

In the statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 10. If the contractual restrictions to use the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the statement of financial position.

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

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

**Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

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

In applying the Group's accounting policies, which are described in Note 2 above, management is required to make judgements that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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 reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

- **Valuation 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 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 as well as market rents and the long-term vacancy rate. The key assumptions used to determine the fair value of the investment properties are further explained in Note 5.

- **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.

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 judgement 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).



**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

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

**Key sources of estimation uncertainty (Cont.):**

**Critical accounting judgements:**

The following are the critical judgements that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

- **Business combination or acquisition of assets**

The Group acquires subsidiaries that hold real estate assets. At the time of acquisition, the Group exercises discretion in examining whether it is a business combination or acquisition of assets, in order to determine the accounting treatment of the transaction. In examining whether a Property company constitutes a business, the Company examines, inter alia, the nature of the existing processes in the acquired Property company, including the scope and nature of management, security, cleaning and maintenance services provided to tenants. In transactions in which the acquired company is a business, the transaction is treated as a business combination. On the other hand, in transactions in which the acquired company is not a business, the acquisition cost, including the transaction costs, are allocated proportionally to the identified assets and liabilities purchased, based on their relative fair value at the time of acquisition. In this case, neither goodwill nor deferred taxes are recognised for the temporary difference existing at the time of purchase. The Group may choose to apply the concentration test to determine whether the acquisition constitutes a business combination or not. According to this test, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, then the acquisition will not be treated as a business combination. If the test is not met (or Group has chosen not to implement it) - the regular test will be conducted as to whether it is a business as detailed above.

**NOTE 4: ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS**

**Amendments to IAS 1 *Classification of Liabilities as Current or Non-current***

The group has adopted the amendments to IAS 1, published in January 2020, for the first time in the current year.

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The group has adopted the amendments to IAS 1, published in November 2022, for the first time in the current year.

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

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

**Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* (Cont.)**

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The Amendment did not materially affect the Company's Consolidated Interim Financial Statements.

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

**NOTE 5: INVESTMENT PROPERTIES**

**A. Changes in years 2023 and 2024**

	<b>Euro in thousands</b>
Balance at 1 January 2023	1,759,847
Additions during the year (C)	54,304
Disposals during the year (D)	(46,150)
Foreign currency translation reserve	(42,039)
Fair value adjustments during the year	(151,910)
Other	(3,930)
Balance at 31 December 2023	<u>1,570,122</u>
Additions during the year (C)	27,726
Disposals during the year (D)	(12,777)
Foreign currency translation reserve	68,087
Fair value adjustments during the year	(54,639)
Balance at 31 December 2024	<u><u>1,598,519</u></u>

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

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

The valuation is 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 on discounted rates that reflect the specific risks inherent in property activity.

The valuations consider the profile of the tenants, which are legally committed to lease agreements, and the remaining economic life of the asset.

The market rents used in the valuation vary per location, uses and condition of the property, age and level of finishing of various assets, even in the same building.

Average rent in respect of office spaces can range from €7-31 per month per square meter (2023: €6-29); for retail properties, between €3-78 per month per square meter (2023: €3-99); for logistics properties between €4-19 per month per square meter (2023: €3-18); for residential properties between €10-36 per month per square meter (2023: €9-35). For German properties, in the office, commercial and logistics sectors, discount rates range between 4.5%-9.2% (2023: 4.5%-8.8%). For US commercial centers discount rates range between 8.4%-16% (2023: 12%-17%) and for US residential assets, discount rates range between 5.0%-6.5% (2023: 4.8%-6.0%).

In estimating the fair value of the properties, the highest and the best use of the properties is their current use.

A number of factors contribute to the value of retail properties, such as national and local economic development, investment demand created by property investors, and interest rates.

While changes in the fair value of investment properties have an effect on the Group's profit for the financial year, they do not have an immediate impact on cash flow.

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

**NOTE 5: INVESTMENT PROPERTIES**

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

**1. (Cont.)**

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

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

**NOTE 5: INVESTMENT PROPERTIES (Cont.)**

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

**2. Supplemental information**

Lettable area

	As 31 December 2024					As 31 December 2023						
	Offices	Logistic	Retail	Residential	Other	Total	Offices	Logistic	Retail	Residential	Other	Total
						Sqm						Sqm
	160,110	147,737	1,150,986	247,342	27,827	1,734,002	159,129	148,369	1,212,867	247,342	27,825	1,795,532
Percent of total assets	9%	9%	66%	14%	2%	100%	9%	8%	68%	13%	2%	100%

Fair value – analysis by use

	As 31 December 2024					As 31 December 2023						
	Offices (*)	Logistic	Retail	Residential	Other	Total	Offices (*)	Logistic	Retail	Residential	Other	Total
						Euro in thousands						Euro in thousands
	257,230	152,110	660,677	497,836	30,666	1,598,519	262,372	155,241	649,633	482,985	19,891	1,570,122
Percent of total assets	16%	10%	41%	31%	2%	100%	17%	10%	41%	31%	1%	100%

(\*) Including fair value of associated building rights.

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

**NOTE 5: INVESTMENT PROPERTIES (Cont.)**

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

**2. Supplemental information (Cont.)**

**NOI – analysis by use**

	As 31 December 2024				As 31 December 2023					
	Offices	Logistic	Retail	Residential	Total	Offices	Logistic	Retail	Residential	Total
	Euro in thousands				Euro in thousands					
	9,649	7,653	53,200	22,100	92,602	8,059	7,455	60,759	21,629	97,902
Percent of total assets	10%	8%	58%	24%	100%	8%	8%	62%	22%	100%

**Adjustment to fair value – analysis by use**

	As 31 December 2024				As 31 December 2023					
	Offices	Logistic	Retail	Residential	Total	Offices	Logistic	Retail	Residential	Total
	Euro in thousands				Euro in thousands					
	(9,742)	(3,778)	(18,036)	(23,083)	(54,639)	(69,074)	(12,589)	(51,567)	(18,680)	(151,910)
Percent of total assets	18%	7%	33%	42%	100%	46%	8%	34%	12%	100%

**Average rent**

	As 31 December			
	Offices	Logistic	Retail	Residential
	2024	2023	2024	2023
€/sqm/month	10.2	10.1	6.0	5.4
Range €	(6.8 - 30.9)	(6.4 - 29.3)	(4.3 - 18.8)	(2.7 - 17.9)
			(2.8 - 77.6)	(3.5 - 99.5)
			(10.1 - 36.1)	(9.6-35.5)

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

**NOTE 5: INVESTMENT PROPERTIES (Cont.):**

**C. Additions**

**1) Additions in USA during the period**

**a. Acquisitions of residential properties:**

During 2021, a subsidiary of the Company reached an agreement with a partner in the US specializing in the acquisition, management and maintenance of residential buildings in New York City (the "Local Partner") for acquisition of residential properties for rent in New York City. Property acquisitions are carried out through special purpose companies, which are controlled by the Company, while the local partner is responsible for the ongoing operation of the properties and the special purpose companies. The Company funded 85% -95% of the capital required for each transaction, and the local partner funded the remaining 5% -15% of required capital. The available cash flow of the asset companies will be distributed between the parties in proportion to their capital investment until returns of each partner's capital investment plus minimal agreed IRR, beyond which the local partner shall be entitled to success fees as customary in similar transactions.

The acquisitions of the residential buildings were completed during the years 2021 and 2022 and were financed using the company's own resources and bank financing. There were no acquisitions during the year 2023 and 2024.

Total bank financing related to the above transactions amounted to approximately \$364 million at an average fixed annual interest rate of approximately 3%, without principal repayments in the first three years.

As of the date of approval of these financial statements, the Company holds 90 residential properties across New York that include approximately 3,000 housing units for rent with a total lettable area of approximately 250 thousand square meters.

**b. Acquisition of commercial properties**

1. The acquisition of commercial properties are carried out through US subsidiaries under the control of the Company (the "US Subsidiaries"), which are held together with a local asset manager, who is not affiliated with the company and / or its controlling shareholders (the "Local Manager"). Under the agreement with the Local Manager, he is responsible for the day-to-day operation of the properties and will work to locate investments in similar real estate properties.

During 2024, the US Subsidiaries and the Local Manager have agreed to amend the agreements, in a way that the assets will be directly self-managed by a US subsidiary of the Company, while the scope of services provided by the Local Manager will be solely limited to legal and marketing consultancy services (see also note 11).

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2023**

**NOTE 5: INVESTMENT PROPERTIES (Cont.):**

**C. Additions (Cont.):**

**1) Additions in USA during the period (Cont.)**

**b. Acquisitions of commercial properties (Cont.):**

2. During 2023 a commercial property was acquired in the US for a total consideration of approximately \$34 million. The property includes lettable area of approximately 46 thousand sqm on approximately 190 square meters of land, with expected Net Operating Income (“NOI”), based on existing contracts at the time of acquisition, of approximately \$5.8 million.

To finance the acquisition of the US commercial property, 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 approximately 7% annual amortisation.

During 2024, no additional commercial properties were acquired.

3. As of the date of approval of these financial statements, the Company holds 27 commercial properties across the United States, with a total lettable area of approximately 1.1 million square meters over sqm 5.9 million of land.

**c. Acquisitions of Hotels:**

During the years 2021 to 2023, a subsidiary of the Company acquired the full leasehold rights in two hotels comprising 514 rooms, located in central locations in Manhattan, New York. The hotels span approximately 27,000 square meters of built area on land leased for periods ranging from 21 to 81 years.

**D. Disposals:**

1. During 2023, certain subsidiaries of the company sold a shopping center and US outparcels for a total consideration of approximately \$53 million. The total annual NOI generated by the sold properties amounted to approximately \$3 million. Approximately \$29 million of the proceeds were used to repay the financial liabilities associated with the sold properties.
2. During the reporting period, certain subsidiaries of the company sold a shopping center and US outparcels in amount of approximately \$14 million. The total annual NOI generated by the sold properties was approximately \$0.5 million. Approximately \$2.8 million of the proceeds were used to repay the financial liabilities associated with the sold properties.



**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

**NOTE 6: OTHER LONG-TERM ASSETS AND LIABILITIES**

	31 December	
	2024	2023
	Euro in thousands	
<b><u>Other long-term financial assets:</u></b>		
Financial assets measured at fair value through OCI (1)	2,100	2,100
Long-term loans receivable measured at amortised costs (2)	3,101	3,086
Financial assets measured at fair value through profit and loss (3)	2,703	7,572
Other financial assets	1,526	2,391
Total long term financial assets	9,430	15,149
<b><u>Other long-term non-financial assets</u></b>	2,094	2,127
<b><u>Other long-term financial liabilities:</u></b>		
Other financial liabilities (4)	10,784	10,639

(1) Financial assets - through OCI:

This represents investments in ordinary shares of several real estate companies. Group interests in these companies were not accounted for using the equity method because of lack of significant influence (the Group has neither voting rights, nor representation in the management of these companies). The fair value of the investments at the end of the reporting period is based on the market values of the respective companies' investments in real estate.

(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 the end of the reporting period, the fair value of the loans is €8.7 million, out of which, €6 million included in short term assets.

(4) As of 31 December 2024, the balance comprises mainly of approximately €6 million of tenant security deposits and approximately €1.3 million of lease liability.

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

**NOTE 7: INTEREST - BEARING LOANS AND BORROWING**

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

	<u>Effective interest rate</u> %	<u>Maturity</u>	<u>31 December</u>	
			<u>2024</u>	<u>2023</u>
			<u>Euro in thousands</u>	
<b>Current:</b>				
Current maturities of long-term loans	1.75-7.75%	2025	<u>204,090</u>	<u>22,589</u>
<b>Non-current:</b>				
Long term loans and borrowings	1.75-7.75%	2026-2029	<u>491,519</u>	<u>700,781</u>

- A.** The outstanding costs of raising loans as of 31 December 2024 are €6.2 million (2023: €6.5 million). These are presented net of interest-bearing loans and borrowings and amortised over the period of the loans.
- B.** Throughout 2023, the Company obtained debt facilities secured by commercial properties in the United States. \$45.5 million were received for a period of 15 years, at an interest rate of approximately 6.4% fixed for the first five years of the loan's period; \$20 million were received for a period of 10 years, at an interest rate of approximately 7.125% fixed for the first 3 years of the loan's period; \$15 million were received for a period of 13 years, at an interest rate of approximately 7.75% fixed for the first 3 years of the loan's period. In addition, €30.0 million of secured debt facilities to refinance two German properties were obtained on a 5-year term at a fixed annual interest rate of 4.69% and 2.25% annual amortization.
- During 2024, a \$15 million credit facility was obtained for the refinancing of a US property on a 13-year term and bearing an average annual interest rate of 7.75% fixed for the first three years.
- C.** During 2023, approximately \$29 million was repaid using the proceeds of US outparcels' sales, as mentioned in note 5d. During 2024, \$55 million of bridge loans were repaid using the Company's own resources.
- D.** During 2023, the company acquired approximately €73 million of senior fixed rate notes issued by the Company for approximately €67 million. The balance of the senior fixed rate notes issued, as of 31 December 2023, was approximately €188 million. In 2024 additional notes in the amount of approximately €6.7 million were acquired, resulting in an outstanding balance of approximately €181.6 million as of 31 December 2024. This balance was fully repaid in January 2025, primarily using the Company's own resources.
- E.** Some of the financing agreements include a Debt Service Cover Ratio (DSCR) covenant of 100%-125% or a Debt Yield covenant of 14%-18%.

As of 31 December 2024, and to the date of this report, the borrowing entities comply with all the covenants set in their financing agreements. It is noted that, certain debt facilities are secured by real estate properties of the Group. The fair value of the unsecured real estate properties as of 31 December 2024 amounts to approximately €711 million.

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

**NOTE 8: TRADE RECEIVABLES**

	31 December	
	2024	2023
	Euro in thousands	
Trade receivables	31,410	24,115
Trade receivables from sale of apartments	55	55
Provision for doubtful debts	(21,379)	(15,488)
	10,086	8,682

Movements in the provision for doubtful debts:

	Euro in thousands
At 1 January 2023	12,901
Utilised (1)	2,647
Released	(60)
At 31 December 2023	15,488
Utilised (1)	6,066
Released	(175)
At 31 December 2024	21,379

**NOTE 9: PREPAID EXPENSES AND OTHER CURRENT ASSETS**

	31 December	
	2024	2023
	Euro in thousands	
Prepaid expenses and other (2)	103,391	16,284
Designated cash	8,622	8,657
	112,013	24,941

**NOTE 10: CASH AND CASH EQUIVALENTS**

	31 December	
	2024	2023
	Euro in thousands	
Cash at banks	215,127	268,665

(1) Includes exchange rate differences of €1.1 million in 2024, (€0.5) million in 2023.

(2) During 2024, a subsidiary of the Company acquired approximately 6.3% in the equity and voting rights of Paz Oil Company Ltd. for a total consideration of approximately €62 million. The investment in these shares is measured at fair value through profit and loss and included in financial income (see note 16) and amounted to €80.2 million as of 31 December 2024.

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

**NOTE 11: EQUITY**

**A. Share capital:**

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

	<u>Issued and outstanding Number of shares</u>
At 1 January 2023	321,722,372
Change in the period (note 11D)	<u>(7,777)</u>
At 31 December 2023	321,714,595
Change in the period	-
At 31 December 2024	<u><b>321,714,595</b></u>

**B. Other reserves:**

The directors have elected to transfer all premiums arising from the issue of ordinary shares by the Company to a distributable reserve, the balance of which as of 31 December 2023 is €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.

The rest of the balance relates to foreign exchange difference on translation of foreign operations.

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

**NOTE 11: EQUITY (Cont.)**

**D. Non-controlling interests:**

The Group's investment properties in the US are held by a subsidiary of the Company (the "US Subsidiary") that entered into several transactions through US subsidiaries that are under its control. The US Subsidiaries are held together with local asset managers, who are not affiliated with the company and / or its controlling shareholders (the "local managers"). In respect of the US residential properties see note 5. In respect of the US commercial properties, according to the agreement with the local manager, the company provided approximately 90% of the equity required for the transactions, and the local manager provided approximately 10% of the required equity. The positive cash flow of the property companies is divided between the parties according to the equity investment ratio until the return on investment plus 12% per annum. Thereafter, all the surplus of the property companies will be distributed in such a way that 50% of the surplus will be distributed among the shareholders in the US Subsidiaries while 50% will be paid as success fees to a related entity of the local manager, until the shareholders of the US subsidiaries enjoy an IRR of 20% on their investment. Any excess surplus will be divided in such a way as to ensure that the total cumulative divisions from the property companies will be divided equally between a party related to the local manager and the shareholders in the US subsidiaries.

Based on the above, the profit distribution rate is carried out according to rates that differ from the rates of holding of equity rights in the subsidiaries. The share of the company and the non-controlling interests over the results of the subsidiary are determined on the assumption that at the end of the reporting period, the subsidiary would have sold or divided its assets and repaid its liabilities according to their book value while taking into account further distributions and investments made by the other equity rights holders.

During 2024, the US Subsidiary purchased from the Local Manager approximately 3% of Local Manager's share in the capital of the property companies and 41% of the Local Manager's rights in the success fees for a total consideration of approximately \$10 million. It has also been agreed, that the Local Manager's entitlement to success fee is subject to the US Subsidiary's achievement of IRR of at least 20% with respect to the its aggregated capital investment. The US Subsidiary was also given options to acquire the Local Manager's remaining share in the capital of the property companies and success fee described above. The impact of the above amendments and transactions resulted in an increase of approximately \$40 million in the equity attributable to the owners of the Company.

During 2023, a subsidiary of the Company acquired the minority holdings in one of the Company's NYC hotels. See note 5C1C.

**E. Dividend:**

During 2023, the Company distributed dividends in the amount of €32.2 million reflecting 10.0 euro cents per share. In 2024, no dividends were distributed.



**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

**NOTE 13: BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

	<u>Receivables from related parties</u>		<u>Payables to related parties</u>	
	<u>31 December</u>		<u>31 December</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>Euro in thousands</u>		<u>Euro in thousands</u>	
Related parties	-	11,005	6,306	1,623

As of 31 December 2024, 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 of payables to related parties includes provisions for performance-based compensation to SMC of €715 thousand (2023: €741 thousand).

The balance of receivables from related party as of 31 December 2023 comprised of a loan to SHL. The loan bears an annual interest rate of 3-month Libor plus a margin of 1%. The loan was fully repaid in 2024.

**A. Compensation of key management personnel:**

	<u>2024</u>	<u>2023</u>
	<u>Euro in thousands</u>	
Directors' fees	285	290
Management fees	1,510	1,510
Total compensation paid to key management personnel	1,795	1,800

**B. Terms and conditions of the management agreement**

According to the management agreement, SMC is responsible for providing certain corporate and advisory services to the Group and is entitled to an advisory fee equal to €750,000 per annum, payable quarterly, plus the potential to receive a performance-based bonus of up to €750,000 per annum, depending on certain performance criteria.

The performance-based bonus is based on hurdles and is calculated based on the aggregate return to the shareholders of the Company at the end of each accounting year, whether as a result of dividends received and/or an increase in the net asset value of the Group (excluding any increase due to revaluations) (the "Return"). The performance-based bonus is calculated on a pro-rata basis for any increase in the Return up to and including 5.5%.

The annual performance-based bonus entitlement of SMC is capped at a maximum of €750,000 per annum.

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

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

**B. Terms and conditions of the management agreement (Cont.):**

In addition to the performance-based bonus detailed above, SMC shall be entitled to receive a “Special Bonus” if, at any time within the three years period of the agreement, there is a qualifying sale or series of sales of any properties of the Group. A qualifying sale or series of sales is one, which alone or in aggregate, results in the proceeds received by the Summit Group, (net of any costs and expenses incurred in connection with the relevant sale(s)) and less the value (as stated in the Group’s valuation as at 30 June 2019) of the properties sold, being greater than €50 million (the whole of such amount being the “Qualifying Amount”). The Special Bonus would also apply in relation to a partial sale of properties that would meet the profitability conditions described above. The Special Bonus shall be an amount equal to five per cent of the Qualifying Amount and is subject to a total aggregate cap of €10 million over the three-year term.

In January 2023, the management agreement with SMC was extended for further three years until 31 December 2025. As part of the extension, the Special Bonus remained in effect provided that the profit from qualifying sales will be calculated in relation to the IFRS value of the Company’s properties as of 30 September 2022.

As at 31 December 2023 the criteria for the performance-based bonus was met and a provision in the amount of €750,000, was made during the period. The bonuses are subject to the approval of the board of directors of the Company after the end of the accounting year. Consequently, in 2024 the above was approved by the board.

As at 31 December 2024 the criteria for the performance-based bonus was met and a provision in the amount of €750,000, was made during the reporting period.



**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

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

**B. Terms and conditions of the management agreement (Cont.):**

Any Bonus which SMC is entitled to receive in any relevant accounting year shall be reduced by an amount equal to any carried interest amount paid to SMC pursuant to the articles of incorporation of Summit Finance Ltd ("SFL") in respect of the same accounting year, provided that any bonus shall not be reduced to less than zero.

The articles of association of SFL ("SFL Articles") contain certain provisions which relate to SMC's carried interest entitlement in respect of their services provided under the initial Portfolio Management Agreement from 2006. SMC holds special B shares in SFL, a Group subsidiary, which will give it the right to receive a carried interest if the Company distributes a cash return on shareholders' equity of at least 8% in any financial year ("the Hurdle").

SMC will be entitled to receive 25% of the cash return in that year in excess of the Hurdle after deducting the carried interest entitlement. If the Company has not achieved a cash return on shareholders' equity of at least 8% in any previous year ("a Shortfall"), the carried interest will not be paid until the Shortfall has been made up. Where such fees arise, they are charged to the consolidated statement of comprehensive income. No amounts were ever due in respect of the aforementioned. As of 31 December 2024, the Shortfall is approximately €143 million (2023: €124 million). Therefore, the likelihood that SMC would be entitled to receive any carried interest is low.

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

**NOTE 14: TRADE AND OTHER PAYABLES**

	<b>31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>Euro in thousands</b>	
Accrued expenses	7,030	6,433
Accrued interest	3,008	3,336
Current tax liabilities	638	495
Provisions	9,686	9,340
Trade accounts payable	5,557	4,477
Other	9,066	7,451
	<b>34,985</b>	<b>31,532</b>

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

**NOTE 15: GENERAL AND ADMINISTRATIVE EXPENSES**

	Year ended 31 December	
	2024	2023
	Euro in thousands	
Management and directors' fees (a)	1,795	1,800
Professional fees (b)	1,502	1,852
Salaries	4,504	3,093
Administration fees	63	70
Office expenses	798	341
Other expenses	811	955
	9,473	8,111

- (a) See note 13 for details of the management agreement.  
(b) Professional fees include closing and audit fees in the amount of €242 thousand (2023: €227 thousand).

**NOTE 16: FINANCIAL EXPENSES (INCOME)**

	Year ended 31 December	
	2024	2023
	Euro in thousands	
<b>Financial expenses:</b>		
Interest on borrowings	25,914	30,527
Amortisation of cost of raising loans	2,526	3,116
Other	504	2,955
Total financial expenses	28,944	36,599
<b>Financial income:</b>		
Total financial income	36,426	11,600

**NOTE 17: TAXATION**

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

	Year ended 31 December	
	2024	2023
	Euro in thousands	
<u>Current income tax:</u>		
Current (loss) income tax charge	693	(419)
<u>Deferred income (loss) tax (See C):</u>		
Relating to origination and reversal of temporary differences	(8,321)	(23,756)
Income tax expense reported in the statement of comprehensive income	(7,628)	(24,174)

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

**NOTE 17: TAXATION (Cont.)**

**B)** The Company is subject to taxation under the laws of Guernsey. The subsidiaries are subject to income taxes in their country of domicile in respect of their income. The ordinary corporate income tax rate in Germany as of 31 December 2024 is 15.825% (31 December 2023: 15.825%). The Group's subsidiaries operating in Germany are subject to German tax which will include RETT on property transactions, where applicable. Companies operating in Guernsey are taxable in Guernsey at 0%.

**C)** The Company operates in the United States ("U.S.") through a U.S. resident holding company (hereinafter: "Holding Company"), which holds rights in real estate partnerships through partnerships (LLCs) that are considered as transparent for U.S. tax purposes, so the Holding Company is the income taxpayer produced by LLCs.

The Group's investments in the Holding Company and the Holding Company's investments in the LLC companies are done by capital investments as well as by interest-bearing inter-company loans. The activity in the U.S. is subject to federal, state, and local government tax (in some cases). The total tax rate ranges from 25% to 29%.

Dividend payments outside the U.S. are subject to withholding tax in the U.S. at a rate of 30%, in accordance with U.S. domestic law. However, when such payments are transferred to a German resident company that has an agreement with the U.S., the withholding tax will be at a rate of 5% subject to compliance with the rules of the U.S. – German Tax Treaty. Deduction of interest expenses in the U.S. is subject to the rules of thin financing under U.S. law.

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

	<b>Year ended</b>	
	<b>31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>Euro in thousands</b>	
Profit (loss) before taxes on income	34,357	(87,372)
Tax at the statutory tax rate in Germany (15.825%)	5,437	(13,827)
Decrease in respect of:		
Losses for which deferred taxes were not recorded	(10)	(3,798)
Effect of different tax rate	(6,590)	(8,270)
Non-deductible expenses, net	(181)	(80)
Difference between tax and reporting GAAP	(6,259)	3,623
Other	(25)	(1,822)
Tax income	(7,628)	(24,174)

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

**NOTE 17: TAXATION (Cont.)**

**D) Deferred income tax:**

	<b>Consolidated statement of financial position</b>	
	<b>2024</b>	<b>2023</b>
	<b>Euro in thousands</b>	
<u>Deferred tax asset (liability)</u>		
Revaluations of investment properties to fair value	(154,494)	(156,096)
Losses carried forward	42,770	38,716
Provisions	1,045	1,012
Other	158	43
Deferred tax liabilities, net	<u>(110,521)</u>	<u>(116,325)</u>

	<b>Consolidated statement of comprehensive loss (income)</b>	
	<b>2024</b>	<b>2023</b>
	<b>Euro in thousands</b>	
<u>Deferred tax expense (income)</u>		
Revaluations of investment properties to fair value	(6,447)	9,587
Losses carried forward	(1,868)	(33,380)
Other	(5)	37
Decrease in deferred tax liabilities, net	<u>(8,320)</u>	<u>(23,756)</u>

	<b>Other comprehensive income</b>	
	<b>2024</b>	<b>2023</b>
	<b>Euro in thousands</b>	
<u>Deferred tax (income) expense</u>		
Revaluations of foreign currency translation reserve	2,516	(1,886)
Increase in deferred tax liabilities, net	<u>2,516</u>	<u>(1,886)</u>

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

**NOTE 17: TAXATION (Cont.)**

- E) Deferred tax assets on loss carry forward are recognised by the Group according to the applicable tax laws, to the extent that it is probable that taxable profit will be available against which the losses can be utilised.
- F) Tax liability for the purchase of a real estate property in Germany:  
The purchase of a real estate property in Germany is subject to Real Estate Transfer Tax (RETT), usually at a rate of 5.5% to 6.5% of the purchase price. Under German law, the tax burden is imposed on both seller and buyer. The transfer of control of 90% or more of the rights owned by a German entity to third parties within a period of 10 years will be subject to RETT.

**NOTE 18: FINANCIAL INSTRUMENTS**

The Group's principal financial liabilities, other than derivatives, comprise mainly bank loans, and trade payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Company has various financial assets such as trade receivables, loans to third parties and cash and cash equivalents.

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

**Market risk:**

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

- **Interest rate risk:**

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

The Group's policy is to fix the interest rate of its bank loans by entering into fixed interest rate loan agreements and/or by entering into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2024, the majority of the Group's borrowings are at a fixed rate of interest and the Group has no swaps deals.

- **Price risk:**

The Group's financial instruments measured at FVTOCI and at FVTPL are susceptible to price risk arising from uncertainties about future values of the investment in those instruments. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. The Company's senior management monitors value and extent of such investments on an ongoing basis.

For such financial instruments see notes 6 and 9.

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

**NOTE 18: FINANCIAL INSTRUMENTS (Cont.)**

- **Credit risk:**

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

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

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

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

Collateral and other credit enhancements are obtained in most cases, pursuant to management assessment of the client's credit quality and an assignment of its credit limits. The Group does not invest its cash with banks that have a low credit rating. As such, the group does not have significant credit risk exposure.

- **Foreign currency risk:**

The Group is mainly exposed to the currency of the US Dollar. The foreign currency risk arises from recognized assets and liabilities denominated in a foreign currency other than the Company's operating currency.

**Liquidity risk:**

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

	<b>As at 31 December 2024</b>					<b>Total</b>
	<b>Up to 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>3-4 years</b>	<b>&gt; 4 years</b>	
<b>Euro in thousands</b>						
Interest bearing loans and borrowings	227,354	40,219	36,123	39,516	564,892	908,104
Trade and other payables	20,348	2,709	-	-	-	28,009
Tenants Security Deposit	-	6,138	-	-	-	6,138
Other liabilities	260	165	156	159	1,197	1,937
Payables to related parties and shareholders	6,306	-	-	-	-	6,306
	<u>254,268</u>	<u>49,231</u>	<u>36,279</u>	<u>39,675</u>	<u>566,089</u>	<u>945,542</u>

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

**NOTE 18: FINANCIAL INSTRUMENTS (Cont.)**

**Liquidity risk: (Cont.)**

	As at 31 December 2023					Total
	Up to 1 year	1-2 years	2-3 years	3-4 years	> 4 years	
	Euro in thousands					
Interest bearing loans and borrowings	51,882	270,012	35,868	31,841	548,158	937,761
Trade and other payables	21,695	2,675	-	-	-	24,370
Tenants Security Deposit	-	5,922	-	-	-	5,922
Other liabilities	258	147	151	155	1,334	2,045
Payables to related parties and shareholders	1,623	-	-	-	-	1,623
	<u>75,458</u>	<u>278,756</u>	<u>36,019</u>	<u>31,996</u>	<u>549,492</u>	<u>971,721</u>

**Capital management:**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and adjusts it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

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

No changes were made in the objectives, policies or processes during the years ended 31 December 2024 and 31 December 2023.

The gearing ratios at 31 December 2024 and 31 December 2023 were as follows:

	2024	2023
	Euro in thousands	
Non-current interest-bearing loans and borrowings	491,519	700,781
Current loans and borrowings	204,090	22,589
Less cash and cash equivalents	(215,127)	(268,665)
Net debt	<u>480,482</u>	<u>454,705</u>
Equity	<u>1,118,110</u>	<u>1,048,093</u>
Total capital	<u>1,598,592</u>	<u>1,502,798</u>
Gearing ratio	<u>30%</u>	<u>30%</u>

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

**NOTE 18: FINANCIAL INSTRUMENTS (Cont.)**

**Fair value of financial instruments and non-financial instruments:**

**Fair value of financial instruments carried at amortised cost:**

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

**Fair value measurements recognised in the statement of financial position:**

The financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 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).

	<b>31 December 2024</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>Euro in thousands</b>			
<b>Non - Financial assets:</b>				
Investment properties (note 5)	-		1,598,519	1,598,519
<b>Financial assets</b>				
Financial assets measured at fair value through profit and loss (note 6(3))	-	-	8,703	8,703
Financial assets at FVTOCI (note 6(1))	-		2,100	2,100
Ordinary shares traded in public market at fair value through profit and loss (note 9(2))	80,216			80,216
<b>Total</b>	<b>80,216</b>		<b>1,609,322</b>	<b>1,689,538</b>
	<b>31 December 2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>Euro in thousands</b>			
<b>Non - Financial assets:</b>				
Investment properties (note 5)	-	-	1,570,122	1,570,122
<b>Financial assets</b>				
Financial assets measured at fair value through profit and loss (note 6(3))	-	-	9,072	9,072
Financial assets at FVTOCI (note 6(1))	-	-	2,100	2,100
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,581,294</b>	<b>1,581,294</b>



**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

**NOTE 19: CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES**

The table below details changes in the Group's liabilities arising financing activities including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statements as cash flows from financing activities.

	<u>1 January 2024</u>	<u>Financing cash flows</u>	<u>Acquisition of subsidiary</u>	<u>Other changes</u>	<u>31 December 2024</u>
Interest-bearing loans and borrowings	723,370	(52,649)	-	24,888	695,609
	<u>1 January 2023</u>	<u>Financing cash flows</u>	<u>Acquisition of subsidiary</u>	<u>Other changes</u>	<u>31 December 2023</u>
Interest-bearing loans and borrowings	760,995	32,266	18,125	(88,016)	723,370

**NOTE 20: OPERATING LEASE**

Operating Lease– Group as Lessor

The Group has entered into commercial property leases on its investment property portfolio. These non-cancellable leases have remaining average terms of between 1 and 18 years (the average non-cancellable lease length is approximately 4 years in Germany, 2.2 in the US) .

The majority of the leases include a clause to enable upward revision of the rental charge on an annual basis according to the price index or a fixed increase rate.

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

**NOTE 20: OPERATING LEASE (Cont.)**

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

Germany:

	<b>For the year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>Euro in thousands</b>	
Within one year	22,825	21,792
After one year but not more than five years	58,273	58,745
More than five years but not more than ten years	19,717	23,065
More than ten years but not more than fifteen years	1,901	1,958
More than fifteen years	1,452	1,815
	104,168	107,375

US:

	<b>For the year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>Euro in thousands</b>	
Within one year	125,030	131,852
After one year but not more than five years	155,883	146,139
More than five years but not more than ten years	-	1,680
More than ten years but not more than fifteen years	-	-
More than fifteen years	-	-
	280,913	279,671

**NOTE 21: INVENTORY OF BULDINGS UNDER CONSTRUCTION**

During 2022 a subsidiary of the Company began construction of 68 residential units on its existing property located in Frankfurt. Most of the units in development are part of a new building that will be constructed. The remaining units will result from the conversion of currently vacant office spaces, with no major impact on the current rent expected from the construction process. The total project investments of €22.9 million as at 31 December 2024 ( €25.6 million as at 31 December 2023) are included under Inventory of buildings under construction.

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

**NOTE 22: 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 (see Note 3B).

Segment C - residential investment properties - Leasing property for rental income in the US (see Note 3B).

Segment D – hotels investment properties- Leasing property for rental income in the US (see Note 3B).

Segment E - 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.

Year ended 31 December 2024:

	<b>Investment Properties - Germany</b>	<b>Commercial investment properties - USA</b>	<b>Residential investment properties - USA</b>	<b>Hotels investment properties - USA</b>	<b>Other</b>	<b>Total</b>
	<b>Euro in thousands</b>					
Income	23,092	83,906	50,836	22,288	7,659	187,781
<b>Segment profit / (loss) (*)</b>	(160)	29,284	(3,991)	-	1,742	26,875
Expenses not allocated to the segment						-
Operating profit						<u>26,875</u>
Finance expenses, net	3,707	(12,181)	(10,491)	-	26,447	<u>7,482</u>
Profit (loss) before taxes on income	3,547	17,103	(14,482)	-	28,189	<u><u>34,357</u></u>
(*) Includes revaluation loss of investment properties	(13,513)	(18,043)	(23,083)	-	-	(54,639)

**SUMMIT PROPERTIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2024**

**NOTE 22: OPERATING SEGMENTS (Cont.):**

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

Year ended 31 December 2024:

	Investment Properties Germany	Commercial investment properties - USA	Residential investment properties - USA	Hotels investment properties - USA	Other	Total
	Euro in thousands					
Segment assets	651,565	641,002	531,434	37,804	114,510	1,976,315
Assets not allocated to the segment						-
<b>Total assets</b>						<u>1,976,315</u>
Segment liabilities	242,695	142,622	355,323	7,044	-	747,684
Liabilities not allocated to the segment						110,521
<b>Total Liabilities</b>						<u>858,205</u>

Year ended 31 December 2023:

	Investment Properties - Germany	Commercial investment properties - USA	Residential investment properties - USA	Hotels investment properties - USA	Other	Total
	Euro in thousands					
Income	22,609	91,045	48,567	23,513	5,161	190,895
<b>Segment profit (loss) (*)</b>	(71,621)	7,029	972	-	1,247	(62,373)
Expenses not allocated to the segment						-
Operating loss						<u>(62,373)</u>
Finance expenses, net	1,800	(16,236)	(10,563)	-	-	(24,999)
Profit (loss) before taxes on income	(69,821)	(9,207)	(9,591)	-	1,247	<u>(87,372)</u>
(*) Includes revaluation loss of investment properties	(83,568)	(49,662)	(18,680)	-	-	(151,910)

**NOTE 22: OPERATING SEGMENTS (Cont.):****B. Analysis of income and results by operating segments (cont.):**

Year ended 31 December 2023:

	Investment Properties Germany	Commercial investment properties - USA	Residential investment properties - USA	Hotels investment properties - USA	Other	Total
	Euro in thousands					
Segment assets	744,941	631,064	517,572	28,185	9,820	1,931,582
Assets not allocated to the segment						-
<b>Total assets</b>						<u>1,931,582</u>
Segment liabilities	245,673	183,094	332,559	5,848	-	767,174
Liabilities not allocated to the segment						116,315
<b>Total Liabilities</b>						<u>883,489</u>

**NOTE 23: THE COMPANY'S HOLDINGS AS OF 31 DECEMBER 2024**

	Principal activity	Country of incorporation	Direct holdings %
Summit Finance Limited	Intermediate holding company	Guernsey	100.00%
Neston S.à r.l.	Intermediate holding company	Luxemburg	100.00%
Summit Real Estate Hirundo GmbH	Real Estate company	Germany	94.80%
Summit US Holdings GmbH*	Intermediate holding company	Germany	100.00%
Summit Luxco s.a.r.l.*	Intermediate holding company	Luxembourg	100.00%

\* These entities hold holding companies and subsidiaries, which own real estate assets of the Group in Germany and the US.