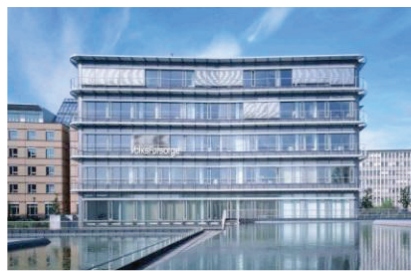


Summit Germany Limited

AIM Admission Document



Nominated Adviser and Broker

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant, legal or professional adviser or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended, "FSMA") if you are in the United Kingdom or, if not, you should immediately consult another appropriately authorised independent financial adviser.

This document, which comprises an AIM admission document, has been drawn up in accordance with the AIM Rules for Companies. This document does not contain an offer of transferable securities to the public within the meaning of Section 85 of FSMA and is not a Prospectus for the purposes of the Prospectus Rules made under section 73A of FSMA. Accordingly, this document has not been prepared in accordance with the Prospectus Rules, nor has it been approved by the Financial Conduct Authority (the "FCA") pursuant to Section 85 of FSMA and a copy has not been delivered to the FCA under regulation 3.2 of the Prospectus Rules. Application has been made for all of the Ordinary Shares, issued and to be issued, to be admitted to trading on AIM, the market of that name operated by London Stock Exchange plc ("AIM"). The AIM Rules for Companies are less demanding than those of the Official List of the United Kingdom Listing Authority. Investing in the Ordinary Shares involves risks. This whole document should be read and, in particular, your attention is drawn to the Risk Factors set out in Part IV of this document, which lists risks that should be taken into account in considering whether to acquire Ordinary Shares.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority ("UKLA"). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. Neither the UKLA nor the London Stock Exchange has examined or approved the contents of this document.

It is expected that admission to AIM will become effective, and that dealings in the Ordinary Shares on AIM will commence, on 26 February 2014.

The Company and the directors of the Company ("Directors"), whose names appear on page 12 of this document, accept responsibility for the information contained in this document, including individual and collective responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect its import. All of the Directors accept responsibility accordingly.

Summit Germany Limited

(A non cellular company limited by shares incorporated in Guernsey with registered number 44692)

Placing of 54,971,291 Ordinary Shares of no par value at a price of €0.63 per share

and

Admission to trading on AIM

Nominated Adviser and Broker

Cenkos Securities plc

Share capital immediately following Admission

<i>Authorised</i>		<i>Issued and fully paid</i>		
<i>Number</i>	<i>Amount</i>	<i>Number</i>	<i>Amount</i>	
<i>Unlimited</i>	<i>No par value</i>	<i>Ordinary Shares of no par value</i>	<i>293,971,291</i>	<i>No par value</i>

The Placing is conditional on, inter alia, Admission taking place on or before 26 February 2014 (or such later date as the Company and Cenkos may agree, in any event being no later than 12 March 2014). The Placing Shares will, on Admission, rank in full for all dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company and will rank *pari passu* in all other respects with all other Ordinary Shares which will be in issue on Admission.

Cenkos Securities plc ("**Cenkos**"), which is authorised and regulated in the United Kingdom by the FCA and is advising the Company and no one else in connection with the Placing and Admission (whether or not a recipient of this document), is acting exclusively for the Company as nominated adviser and broker for the purpose of the AIM Rules. Cenkos will not be responsible to any person other than the Company for providing the protections afforded to its customers, nor for providing advice in relation to the Placing and Admission or the contents of this document. In particular, the information contained in this document has been prepared solely for the purposes of the Placing and Admission and is not intended to inform or be relied upon by any subsequent purchasers of Ordinary Shares (whether on or off exchange) and accordingly no duty of care is accepted in relation to them.

Without limiting the statutory rights of any person to whom this document is issued, no representation or warranty, express or implied, is made by Cenkos as to the contents of this document. No liability whatsoever is accepted by Cenkos for the accuracy of any information or opinions contained in this document, for which the Directors are solely responsible, or for the omission of any information from this document for which it is not responsible.

This document does not constitute an offer to sell or issue, or the solicitation of an offer to buy or an invitation to subscribe for, Ordinary Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful. This document should not be copied or distributed by recipients and, in particular, should not be taken, distributed, published, reproduced, sent or otherwise made available by any means, directly or indirectly, including electronic transmission, in, into or from the United States of America, Canada, Australia, the Republic of Ireland, the Republic of South Africa, or Japan or any other jurisdiction where to do so would be in breach of any other law and/or regulation. The Ordinary Shares have not been, and will not be, registered in the United States of America under the US Securities Act or under the securities laws of any state of the United States of America or under the applicable securities laws of Canada, Australia, the Republic of Ireland, the Republic of South Africa, or Japan and may not be offered or sold, directly or indirectly, within or into the United States of America, Canada, Australia, the Republic of Ireland, the Republic of South Africa, or Japan or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the US Securities Act) or to any national, resident or citizen of Canada, Australia, the Republic of Ireland, the Republic of South Africa, or Japan. In addition, the securities to which this document relates must not be marketed into any jurisdiction where to do so would be unlawful.

The information contained in this document has been prepared solely for the purposes of the Admission and is not intended to inform or be relied upon by any subsequent purchaser of shares in the Company and accordingly no duty of care is accepted in relation to them. Cenkos has not authorised the contents of any part of this document, and no liability is accepted by Cenkos for the accuracy of any information or opinions contained in this document, or the omission of any material information from this document, for which the Company and Directors are solely responsible.

No broker, dealer or other person has been authorised by the Company, the Directors or Cenkos to issue any advertisement or to give any information or make any representation in connection with the offering or sale of the Placing Shares other than those contained in this document and if issued, given or made, that advertisement, information or representation must not be relied upon as having been authorised by the Company, the Directors, or Cenkos.

Forward-looking Statements

This document contains forward looking statements relating to the Company's future prospects, developments and strategies, which have been made after due and careful enquiry and are based on the Directors' current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Forward-looking statements are identified by their use of terms and phrases such as "believe", "could", "envisage", "estimate", "intend", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are subject to, inter alia, the risk factors described in Part IV of this document. The Directors believe that the expectations reflected in these statements are reasonable, but may be affected by a number of variables which could cause actual results or trends to differ materially. Each forward-looking statement speaks only as of the date of the particular statement.

Notice in connection with Member States of the European Economic Area

This document is not a Prospectus for the purposes of the Prospectus Directive (as defined below) in relation to each Member State of the European Economic Area (the "EEA") which has implemented the Prospectus Directive (each, a "Relevant Member State"). This document has been prepared on the basis that all offers of the Ordinary Shares will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a Prospectus in connection with offers of the Ordinary Shares. Accordingly, any person making or intending to make any offer within the EEA of Ordinary Shares which is the subject of the offering contemplated in this document should only do so in circumstances in which no obligation arises for the Company or Cenkos to produce a Prospectus for such offer. Neither the Company nor Cenkos has authorised, nor will any of them authorise, the making of any offer of the Ordinary Shares through any financial intermediary, other than offers made by Cenkos which constitute the final placement of the Ordinary Shares contemplated in this document. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Notice in connection with the United Kingdom

In the United Kingdom, this document is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"); (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Ordinary Shares may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

Notice in connection with the Netherlands

The Ordinary Shares of the Company are not, and will not be, offered to the public in the Netherlands within the meaning of the Dutch Act on the Financial Supervision (Wet op het financieel toezicht, the "AFS") and no prospectus approved by the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten, the "AFM") within the meaning of section 5:2 of the AFS will be available as the Ordinary Shares are not, and will not be, offered in the Netherlands, other than: (a) to qualified investors (gekwalficeerde beleggers) within the meaning of section 1:1 of the AFS; (b) to less than 150 persons, not being qualified investors; (c) for an equivalent value of at least EUR 100,000 per investor; (d) in denominations of at least EUR 100,000 per interest; or (e) for a total consideration of the offered interests of at most EUR 2,500,000, which limit is calculated over a period of twelve (12) months.

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PLACING STATISTICS

Number of Existing Ordinary Shares in issue	239,000,000
Number of new Ordinary Shares issued	54,971,291
Number of Placing Shares	51,361,284
Placing Price (per share)	€ 0.63
Gross proceeds raised from the issue of new Ordinary Shares	€ 34,631,913
Gross proceeds raised by the Placing	€ 32,357,609
Estimated proceeds of the Placing receivable by the Company, net of cash expenses	€ 30,697,609
Enlarged Share Capital	293,971,291
Percentage of the Enlarged Share Capital represented by the Placing Shares	17.5%
Percentage of the Enlarged Share Capital represented by the new Ordinary Shares issued	18.7%
Percentage of the Enlarged Share Capital held by or on behalf of the Directors on Admission	48.3%
Approximate market capitalisation of the Company at the Placing Price on Admission	€185,201,913
TIDM Code/AIM Symbol	SMTG
ISIN	GG00BJ4FZW09

EXPECTED TIMETABLE FOR THE PLACING AND ADMISSION

Publication of the Admission Document	26 February 2014
Admission becomes effective and dealings in the Enlarged Share Capital expected to commence on AIM	26 February 2014
Expected date for CREST accounts to be credited (where applicable)	26 February 2014
Despatch of definitive share certificates (where applicable)	by 4 March 2014

All references to times in this document are to Greenwich Mean Time (unless otherwise stated). Dates are indicative and may be subject to change.

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

Admission	admission of the Ordinary Shares issued and to be issued pursuant to the Placing and the new Ordinary Shares to be issued to certain advisers as set out in paragraph 5.3 of Part X of this document to trading on AIM and such admission becoming effective in accordance with rule 6 of the AIM Rules for Companies
AIF	an alternative investment fund within the meaning of AIFMD
AIFMD	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers
AIM	AIM, the market of that name operated by the London Stock Exchange
AIM Rules	the AIM Rules for Companies and the AIM Rules for Nominated Advisers
AIM Rules for Companies	the 'AIM Rules for Companies' which set out the obligations and responsibilities in relation to companies whose shares are admitted to AIM, as published by the London Stock Exchange from time to time
AIM Rules for Nominated Advisers	the 'AIM Rules for Nominated Advisers' which set out the eligibility, obligations and certain disciplinary matters in relation to nominated advisers, as published by the London Stock Exchange from time to time
Articles of Incorporation or Articles	the memorandum and articles of incorporation of the Company which have been adopted conditional upon Admission
Assigned Accounts	the bank accounts of Gallia Invest and Summit LoanCo which receive rental income from the Z3 Portfolio, the Z6 Portfolio and the Clara Portfolio after repayment to RBS of amounts due under the RBS Facilities and which are assigned by way of security to the Debenture Security Trustee
Award	a Conditional Share Award or an Option
B Note	a €120 million junior tranche of the Old RBS Facilities which was sold by RBS to Gallia Invest for €90 million
Board of Directors or Board or Directors	the Directors of the Company, including a duly constituted committee thereof, the current Directors being Zohar Levy, Sharon Marckado Erez, Quentin Spicer, Harry Abraham Hyman and Timothy Gordon Parkes
Business Day	a day other than a Saturday or a Sunday on which banks are open in London and Guernsey for ordinary banking business
carried interest	the entitlement of SMC to receive payments in respect of its holding of the B shares in Summit Finance Limited
Cenkos	Cenkos Securities plc, the Company's nominated advisor and broker
certificated form	not in uncertificated form (that is, not in CREST)
City Code	the UK City Code on Takeovers and Mergers
Clara Portfolio	the properties listed under the heading 'Clara Portfolio' in the schedule of properties in Part IX of this document
Company	Summit Germany Limited, a company incorporated in Guernsey on 19 April 2006 with registered number 44692
Companies Act	the Companies Act 2006 (as amended from time to time) of England and Wales

Companies Law	the Companies (Guernsey) Law, 2008 (as amended from time to time) and including the ordinances and regulations made thereunder
Conditional Share Award	a conditional share award, being an award delivering free Ordinary Shares, granted under the LTIP
Corporate Governance Code	the UK Corporate Governance Code 2012 issued by the UK Financial Reporting Council, as amended from time to time
CPA	certified public accountant
CREST	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form
CREST Regulations	the Uncertificated Securities (Guernsey) Regulations 2009, including any enactment or subordinate legislation which amends or supersedes those regulations and any applicable rules made under those regulations or such enactment or subordinate legislation for the time being in force
Current Portfolio	the Clara Portfolio, the Z3 Portfolio, the Z6 Portfolio and the Other Portfolio
Debenture Security Trustee	Mishmeret Trust Company Ltd, a company incorporated in Israel with company number 513771337
Dividend Cash Amount	has the meaning given in paragraph 10.8 of Part X of this document
DIWG	DIWG STIWA Valuation GmbH, a company incorporated in Germany
DT12 Facility	the loan facility secured against the DT12 Portfolio with an outstanding amount of approximately €164 million as at 31 December 2013
DT12 Loans	certain loans making up a portion of the DT12 Facility with a face value of approximately €53 million as at 31 December 2013 in respect of which Summit Two and Summit Gold are the borrowers, which loans are the subject of the Valentine Loan Sale Agreement
DT12 Portfolio	the 'DT12' portfolio of 12 German commercial properties owned by Summit Two and Summit Gold, which was deconsolidated by the Group on 31 December 2012
DT12 Work-out	the managed sale of the DT12 Portfolio in accordance with the restructuring agreement dated 20 December 2013 between the Company as sponsor, the owners of the DT12 Portfolio, the lenders in respect of the DT12 Portfolio, the special servicer of the DT12 Portfolio and certain other parties as described in paragraph 14.5 of Part X of this document
DTRs	the Disclosure and Transparency Rules (as amended from time to time) of the UK FCA Handbook
Deutsche Real Estate or DRE DRESTATE	Deutsche Real Estate AG, a company incorporated in Germany DRESTATE Service GmbH
Enlarged Share Capital	the issued Ordinary Shares of the Company immediately following Admission (including the Placing Shares)
E Debentures	the Series 'E' Debentures with a face value of approximately €46.5 million issued to investors by Summit in order to part finance the acquisition of the B Note by the Group
EPRA NAV	the balance sheet net assets of the Group excluding the mark-to-market on effective cash flow hedger and related debt adjustments and deferred taxation

EU	the European Union
Euro or EUR or €	the lawful single currency of the member states of the EU that adopt or have adopted Euro as their currency in accordance with the legislation of the EU relating to European Monetary Union
Euroclear	Euroclear UK & Ireland Limited, a company incorporated in England and Wales and the operator of CREST
Executive Directors	the Executive Directors of the Company, currently Zohar Levy and Sharon Marckado Erez
Exempt Bodies Ordinance	the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 as amended from time to time
Existing Ordinary Shares	the 239,000,000 existing Ordinary Shares in the capital of the Company as at the date of this document
FCA or Financial Conduct Authority	the Financial Conduct Authority of the United Kingdom
FSMA	the Financial Services and Markets Act 2000 (as amended) of England and Wales
Gallia Invest	Gallia Invest S.à r.l.
GFSC	the Guernsey Financial Services Commission
Group	the Company and its Subsidiaries from time to time
Hurdle	shall have the meaning given to it in paragraph 14.3 of Part X of this document
IFRS	International Financial Reporting Standards
Intercreditor Agreement	the intercreditor agreement dated 22 February 2013 made between RBS, Gallia Invest, U.S. Bank Trustees Limited and Horatio Sicherheitentreuhand GmbH
Listing Rules	the listing rules of the Financial Conduct Authority, made under Section 74 of the United Kingdom Financial Services and Markets Act 2000, as amended
London Stock Exchange	London Stock Exchange plc or its successor
Long Term Incentive Plan or LTIP	the Company's Long Term Incentive Plan, as further described in paragraph 10 of Part X of this document
LTV	loan to value
Market Value	the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion
Neston	Neston (International) Limited, a subsidiary of the Company
Net Annual Rent	current income or income estimated by the valuer: (i) ignoring any special receipts or deductions arising from the property; (ii) excluding value added tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and (iii) after making deductions for superior rents (but not for amortisation) and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent
Non-Executive Directors	the Non-Executive Directors of the Company, currently Quentin Spicer, Harry Abraham Hyman and Timothy Gordon Parkes

Old RBS Facilities	the Group's loan facilities with RBS in respect of the Z3 Portfolio, the Z6 Portfolio and the Clara Portfolio in an amount of approximately €401 million that were refinanced by the Group in February 2013 and split into a senior tranche of approximately €281 million which remained with RBS (the RBS Facilities) and a junior tranche of €120 million which was acquired by the Group through Gallia Invest for €90 million (the B Note)
Option	an option to acquire Ordinary Shares granted under the LTIP
Other Portfolio	the properties listed under the heading 'Other Portfolio' in the schedule of properties in Part IX of this document
Ordinary Shares	ordinary shares of no par value each in the capital of the Company
Panel	the Panel on Takeovers and Mergers of the United Kingdom
person	any person, firm, trust, partnership, body corporate, other business entity or statutory corporation
Placing	the Placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement, as further described in Part VI of this document
Placing Agreement	the conditional agreement dated 14 February 2014 between Cenkos, the Company, the Directors and Summit relating to the Placing and Admission, as described in paragraph 16.1 of Part X of this document
Placing Price	€0.63 per Placing Share
Placing Shares	51,361,284 new Ordinary Shares to be issued by the Company pursuant to the Placing
PLC Services	the services referred to in Part 1 of Schedule 1 of the Portfolio Management Agreement (as amended from time to time)
POI Law	the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended)
Portfolio Management Agreement	the Portfolio Management Agreement dated 19 May 2006 as amended on 21 February 2007 and further amended by, among others, the Company, Summit Luxco, SFL, Summit LoanCo, Summit Two, Summit Gold, Neston and SMC as asset manager on 14 February 2014 and may be further amended from time to time
Pound or British Pound or £	the lawful currency of the United Kingdom
Prospectus Rules	the prospectus rules issued by the FCA pursuant to section 84 FSMA
QCA Corporate Governance Code	the Corporate Governance Code for Smaller and Mid-size Quoted Companies published by the Quoted Companies Alliance, as amended from time to time
RBS	The Royal Bank of Scotland PLC
RBS Facilities	the Group's loan facilities with RBS in respect of the Z3 Portfolio, the Z6 Portfolio and the Clara Portfolio as further described in paragraph 14.2 of Part X of this document
Relationship Agreement	the Relationship Agreement dated 14 February 2014 entered into between Summit, the Company, Unifinter, Summit Real-Estate GmbH & Co. Dortmund KG and Zohar Levy and Cenkos
RETT	Real Estate Transfer Tax payable on the transfer or sale of real estate assets as applicable in Germany
SFL	Summit Finance Limited
Shareholder(s)	the holder(s) of Ordinary Shares
Shortfall	shall have the meaning given to it in paragraph 14.3 of Part X of this document

SMC	Summit Management Company S.A., a Swiss company 100% owned by Zohar Levy
Subsidiaries	the subsidiaries of the Company (according to the definition of subsidiary in the Companies Law but including the definition of overseas companies)
Summit	Summit Real Estate Holdings Ltd
Summit Group	a group of companies (other than the Group) under the control of Summit
Summit Two	Summit RE Two GmbH, a subsidiary of the Company
Summit Gold	Summit Real Estate Gold GmbH, a subsidiary of the Company
Summit LoanCo	Summit LoanCo Limited, a subsidiary of the Company
Summit Luxco	Summit Luxco S.à r.l. a subsidiary of the Company
Summit Shareholder Loan	the shareholder loan from Summit to the Company in the amount of €46.5 million that was used to partially finance the acquisition of the B Note by the Group
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UK Listing Authority or UKLA	the FCA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
uncertificated form	shares recorded in the Company's register of Shareholders as being held in uncertificated form, title to which may be transferred by means of an instruction issued in accordance with the rules of CREST
Unifinter	Unifinter administratiekantoor B.V., a member of the Summit Group
Valentine Facility	the loan facility secured against the Valentine Portfolio, with an outstanding amount of approximately €74 million as at 31 December 2013
Valentine Loan	the loan made available under the Valentine Facility and secured by the Valentine Portfolio
Valentine Loan Sale Agreement	the term sheet dated 18 December 2013 between Summit as sponsor and the special servicer of the Valentine Portfolio relating to the acquisition of the Valentine Facility and the DT12 Loans, as described in paragraph 14.4 of Part X of this document
Valentine Option	the call option granted by Summit to the Company to be assigned Summit's rights under the Valentine Loan Sale Agreement, as described in paragraph 14.4 of Part X of this document
Valentine Portfolio	the 'Valentine' portfolio of 11 German commercial properties owned by Summit Two and Summit Gold, which was deconsolidated by the Group on 31 December 2012
Valuation Report	the valuation report of the Current Portfolio prepared by DIWG
Z3 Portfolio	the properties listed under the heading 'Z3 Portfolio' in the schedule of properties in Part IX of this document
Z6 Portfolio	the properties listed under the heading 'Z6 Portfolio' in the schedule of properties in Part IX of this document

All references to times in this document are to Greenwich Mean Time (unless otherwise stated). References to the singular shall include references to the plural, where applicable and vice versa.

DIRECTORS, SECRETARY, ADVISERS AND OTHER INFORMATION

Directors	Harry Abraham Hyman Zohar Levy Sharon Marckado Erez Quentin Spicer Timothy Gordon Parkes
Registered Office	1st & 2nd Floors Elizabeth House Les Ruettes Brayes St Peter Port Guernsey GY1 1EW
Secretary	C.L. Secretaries Limited 1st and 2nd Floors Elizabeth House Les Ruettes Brayes St Peter Port Guernsey GY1 1EW
Administrator	Carey Commercial Limited Elizabeth House Les Ruettes Brayes St Peter Port Guernsey GY1 1EW
Nominated Adviser and Broker to the Company	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Property Valuation Consultants	DIWG STIWA Valuation GmbH Berliner Allee 51-53 D - 40212 Dusseldorf Germany
Solicitors to the Company as to English Law	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ
Solicitors to the Company as to German Property Law	Taylor Wessing Senckenberganlage 20-22 60325 Frankfurt Germany
Guernsey Advocates to the Company	Carey Olsen PO Box 98 Carey House Les Banques St. Peter Port Guernsey GY14BZ

Legal Adviser to the Company as to Israeli Law	Chet Sarid Sapir-Hen Lavron 5 Azrieli Center Square Tower 24th Floor Tel Aviv 67025 Israel
Solicitors to the Nominated Adviser and Broker	Lawrence Graham LLP 4 More London Riverside London SE1 2AU
Reporting Accountants of the Company	Deloitte LLP P.O. Box 137 Regency Court Glatigny Esplanade St. Peter Port Guernsey GY1 3HW
Auditors	Deloitte LLP P.O. Box 137 Regency Court Glatigny Esplanade St. Peter Port Guernsey GY1 3HW
Tax Adviser to the Company	Lurie & Associates LLP 33 Cavendish Square London W1G 0PW
Registrar	Capita Registrars (Guernsey) Limited Mont Crevelt House Bulwer Avenue St Sampson Guernsey GY2 4LH
Investor Relations Consultancy	Broker Profile Limited Augustine House 6A Austin Friars London EC2N 2HA

PART I

KEY INFORMATION

The following is derived from, and should be read in conjunction with, the full text of this document and prospective investors should read the whole document and not just rely on the key information set out below. In particular, attention is drawn to Part IV of this document, which is entitled 'Risk Factors'.

1 Overview

Summit Germany Limited is a German commercial real estate company, with a Current Portfolio of 86 properties, located mainly in Germany's key commercial centres, valued by DIWG at approximately €500 million and yielding 8%. The Current Portfolio is managed by the Group's internal property and asset management platform and the Group plans to increase its portfolio to in excess of €1 billion using this existing platform. The Group employs an experienced professional team of approximately 50 people in its offices in Berlin and Frankfurt.

The Group is in various stages of negotiations to make additional acquisitions, subject to availability of equity, at an expected total cost of up to approximately €250 million. These acquisitions, if made by the Group, are expected to significantly improve the yield of the Group's overall property portfolio.

2 The Opportunity

The Group has a proven track record of sourcing, financing, managing and improving properties resulting in the creation of a sizeable commercial property portfolio with attractive cash-flows and a strong funding position. The Group aims to take advantage of opportunities within the Current Portfolio and in the German real estate market to enhance the yield and value of the Current Portfolio and to grow its property portfolio through acquisitions.

Although Germany's economy has proved more resilient than many other European economies and the residential property market is seeing strong valuations, the commercial property market has remained depressed and at historically low values relative to income levels, due in part (until recently) to the unwillingness of lenders to provide finance. These circumstances have created a significant opportunity for established market players, such as the Group, to acquire properties in non-performing loan portfolios and/or from distressed sellers and further penetrate the market.

The Group has a positive yield gap from the Current Portfolio of approximately 4.5% and a bank LTV of 62.4%, in each case as at 31 December 2013, and in the medium term plans to reduce further the bank LTV of its overall portfolio. The Group plans to use the surplus cash flow following debt service to generate an attractive dividend yield for investors.

3 Selected Financial Information

3.1 Selected Pro-forma financial information

The table below shows the selected pro-forma key historical financial information for the three years ended 31 December 2012 and the six months ended 30 June 2013 (together with a comparative pro-forma as at 30 June 2012), in each case excluding the impact of the DT12 Portfolio and the Valentine Portfolio, which were deconsolidated by the Group on 31 December 2012.

	Pro-forma (unaudited) for the year ended 31 December 2010* (€'000)	Pro-forma (unaudited) for the year ended 31 December 2011* (€'000)	Pro-forma (unaudited) for the year ended 31 December 2012* (€'000)	Pro-forma for the six months ended 30 June 2012* (€'000)	For the six months ended 30 June 2013 (€'000)
Gross rent	41,013	41,180	40,944	20,733	20,386
Operating expenses	(2,932)	(2,591)	(2,022)	(1,057)	(1,308)
Gross profit	38,081	38,589	38,922	19,676	19,078
General and administrative expenses	(7,986)	(7,707)	(7,569)	(3,192)	(1,963)
Fair value adjustments	11,962	(8,060)	(2,905)	(1,388)	(1,302)
Other income	248	1,602	1,329	1,258	658
Operating profit	42,305	24,424	29,778	16,354	16,471
Operating profit excluding revaluations	30,343	32,484	32,682	17,742	17,773
Financial expenses	(24,196)	(24,936)	(26,348)	(13,413)	1,502**
Profit (loss) before tax	18,109	(512)	3,430	2,941	17,973
Income tax	(419)	(1,153)	1,300	581	(816)
Profit (loss) after tax	17,690	(1,665)	4,729	3,522	17,157
Investment properties	528,177	518,823	515,205	515,983	516,834
Bank Debt	460,217	456,294	447,091	452,062	323,909
NAV	109,187	117,607	134,677	126,205	176,954
EPRA NAV	147,394	153,046	163,677	159,587	198,693

* These figures are a pro-forma restatement of the historical position excluding the deconsolidated DT12 Portfolio and Valentine Portfolio. The pro-forma financial information has been prepared by management of the Company by deconsolidating the net assets or liabilities of the DT12 Portfolio and the Valentine Portfolio owning entities and assuming nil value for these in the consolidated accounts of the Group.

** Includes €30 million profit resulting from refinancing agreements. For further information refer to Note 4A to the Interim results for the Group in Part VII of this document.

3.2 Selected Audited Financial Information for the periods to 31 December 2010, 31 December 2011 and 31 December 2012 and Selected Financial Information for the 6 months to 30 June 2013.

The table below shows the selected key historical financial information for the three years ended 31 December 2012 and the six months ended 30 June 2013.

	Audited for the year ended 31 December 2010* (€'000)	Audited for the year ended 31 December 2011* (€'000)	Audited for the year ended 31 December 2012* (€'000)	For the six months ended 30 June 2013 (€'000)
Gross rent	63,747	63,513	63,256	20,386
Operating expenses	(3,983)	(3,838)	(3,729)	(1,308)
Gross profit	59,764	59,765	59,527	19,078
General and administrative expenses	(10,904)	(10,346)	(10,055)	(1,963)
Fair value adjustments	18,587	(16,735)	(51,651)	(1,302)
Other income	247	1,587	3,813	658
Operating profit	67,694	34,181	1,634	16,471
Operating profit excluding revaluations	49,107	50,916	53,285	17,773
Financial expenses	(37,770)	(38,330)	(39,674)	1,502**
Profit (loss) before tax	29,924	(4,149)	(38,040)	17,973
Income tax	(435)	(1,181)	920	(816)
Profit (loss) after tax	29,489	(5,330)	(37,120)	17,157
Investment properties	826,944	809,188	515,205	516,834
Bank Debt	708,084	702,295	447,091	323,909
NAV	148,246	152,384	134,677	176,954
EPRA NAV***	203,348	200,402	163,677	198,693

* These figures include the DT12 Portfolio and the Valentine Portfolio, which were deconsolidated on 31 December 2012.

** Includes €30 million profit resulting from refinancing agreements. For further information refer to Note 4A to the Interim results for the Group in Part VII of this document.

*** Not audited.

4 Competitive Strengths

- A strong, stable and high yielding Current Portfolio with the opportunity to enhance value
- Experience in commercial property investment, management and value enhancement
- Experienced management team with local market expertise and proven track record
- Disciplined property acquisition, investment and disposal processes
- Established relationships with market participants
- Access to funding

5 Strategy

- Generate attractive dividend yield and total returns
- Continue to grow real estate portfolio
- Enhance rental and capital growth through active portfolio management
- Capitalise on positive and improving German economic conditions and recovery of the German commercial real estate market

6 Fundraising

The Company has raised net proceeds in the amount of approximately €30.7 million. The estimated net proceeds are calculated based on the gross proceeds of the issue of the new Ordinary Shares in connection with Admission, which amounted to approximately €34.6 million, less the estimated expenses relating to Admission of approximately €3.9 million. The Group intends to use the net proceeds to finance (together with any appropriate bank debt) acquisitions from its identified pipeline.

7 Current Portfolio

The Current Portfolio consists of 86 multi-let German commercial assets, mainly offices with some retail and logistics properties, leased to approximately 500 tenants on relatively long-term leases for the German market. The properties are in geographically diverse locations across Germany, but approximately 50% of rental income comes from properties located in the main German financial centres of Berlin, Frankfurt and Hamburg. Over 74% of the Current Portfolio's net lettable areas are located in Germany's major cities. The Current Portfolio has been held and managed by the Group since it was acquired by the Group in 2006 and 2007. The Current Portfolio has been valued by DIWG at approximately €500 million and has a rental yield of approximately €39 million (approximately 8%), in each case as at 31 December 2013.

8 Investment Pipeline

The Group is in various stages of negotiations to make additional acquisitions, subject to availability of equity, at an expected total cost including transaction costs of up to approximately €250 million. These acquisitions, if made by the Group, are expected to significantly improve the yield of the Group's overall property portfolio.

9 Board of Directors

Harry Hyman - *Independent Non-Executive Chairman*

Zohar Levy - *Managing Director*

Sharon Marckado Erez - *Finance Director*

Quentin Spicer - *Independent Non-Executive Director*

Tim Parkes - *Independent Non-Executive Director*

10 Risk Factors

An investment in the Ordinary Shares involves a high degree of risk. Therefore, prior to investing in the Ordinary Shares, prospective investors should consider carefully the risks associated with an investment in the Ordinary Shares, the business and the industry in which the Group operates, together with all of the other information contained in this document including the risk factors described in Part IV of this document, a selection of which are set out below.

- A number of risks, including failure to identify and acquire suitable properties, the Group's commitment to dispose of certain properties in the DT12 Portfolio within a certain time period, potential issues relating to hereditary building rights, public easements, property pre-emption rights and tenant easements, increased competition, loss of key personnel, increased operating costs and administrative expenses, failure of electronic systems and/or adverse publicity associated with properties or tenants, may adversely affect the financial condition, operations and management of the Group.
- Certain financial risks, including inability to refinance borrowings and obtain suitable and adequate financing, failure to control the level of gearing of the Group's properties or portfolios, adverse changes in interest rates and hedging positions, lender concentration, cross-collateralisation and/or enforcement of security over the properties, may have a significant adverse effect on the Group's business, financial condition and results of operations.
- If any of the information or assumptions on which the valuation of the Current Portfolio is based is subsequently found to be incorrect, the valuation figures included in this document may also be incorrect.
- The Group may be affected by a number of real estate sector risks in relation to its properties, such as illiquidity in the property market and risks associated with potential environmental

liabilities, written form protection under German law, concentration of the Group's portfolio in a single country and the property insurance excess.

- The current tax structure of the Group and the Company's current tax status may be affected by future change of tax legislation in those jurisdictions where the Group operates, change of relevant tax treaties and failure to meet any requirements for maintaining its current tax status.
- The Company's current status of not being authorised and regulated under the POI Law and not being an AIF under AIFMD may change due to change in the relevant legislation, which may adversely affect the business strategy, operation and management of the Group's business.
- The Company may in the future issue equity securities (including Ordinary Shares) on a non pre-emptive basis provided that the aggregate value of such equity securities amounts to 10% or less of the total net asset value of the Company, which may dilute Shareholders' equity.
- Investments in securities admitted to trading on AIM carry a higher risk than those listed on a regulated market.

PART II

INFORMATION ON THE COMPANY AND THE GROUP

Certain information contained in this section has been sourced from information published by third parties. The Company believes that this information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

1 Overview

The Company was incorporated in 2006 to be the ultimate parent company of the Group with the purpose of investing, through its subsidiaries, in German commercial real estate. The Group has a diversified portfolio of 86 properties located throughout Germany, which have been valued by DIWG at approximately €500 million and have a rental yield of approximately €39 million (approximately 8%). All properties are managed by the Group's internal property and asset management platform. In addition to the Current Portfolio, the Group is in various stages of negotiations to make additional acquisitions at an expected total cost including transaction costs of up to approximately €250 million. These acquisitions, if made by the Group, are expected to significantly improve the yield of the Group's overall property portfolio. The Group's overall strategy is to build, by acquiring further properties in line with its acquisition strategy, a high quality and sizeable portfolio of internally managed German commercial properties, capable of delivering stable cash flows and an attractive dividend yield to its shareholders.

The Current Portfolio consists of multi-let German commercial assets, mainly offices with some retail and logistics properties, leased to approximately 500 tenants, such as government and public sector entities and large corporates, on relatively long-term leases for the German market. The properties are in geographically diverse locations across Germany, but approximately 50% of rental income comes from properties located in the main German financial centres of Berlin, Frankfurt and Hamburg. Over 74% of the Current Portfolio's net lettable areas are located in Germany's major cities. The Current Portfolio has been held and managed by the Group since it was acquired by the Group in 2006 and 2007 and has a solid track record of generating stable cash-flows.

The Group employs a professional team of approximately 50 people in its offices in Berlin and Frankfurt. The Group internalised its external asset manager in 2009 and has established an experienced internal professional management team with a proven track record in the German commercial real estate sector since 2004. The internal management team supported by SMC actively manages and improves the Group's properties and sources new properties to add to the portfolio.

Under the leadership of Zohar Levy, the Company's Managing Director, the Group has been an active investor and manager of German commercial real estate and has assembled the Current Portfolio. The Group's primary emphasis is the purchase, holding and management of office, retail, logistics and other commercial properties throughout Germany, which provide income by way of lettings to commercial, governmental and other public sector, and commercial tenants. The Group seeks to actively manage its revenue risk by targeting mainly multi-let properties and actively managing the properties to achieve high levels of lease renewals and new lettings.

The Group is controlled by Zohar Levy, through his holding of approximately 60% of the voting rights in Summit, which in turn held approximately 97.38% of the Company prior to Admission. Summit is a company listed on the Tel Aviv Stock Exchange under ticker SMT and has provided valuable support to the Group in the past. Following Admission, Summit will retain an indirect shareholding of approximately 79.2% in the Company and Mr Levy will indirectly hold approximately 48.3% of the voting rights in the Company. Summit has entered into the Relationship Agreement with the Company and Cenkos, for further information in respect of which see paragraph 16.2 in Part X of this document.

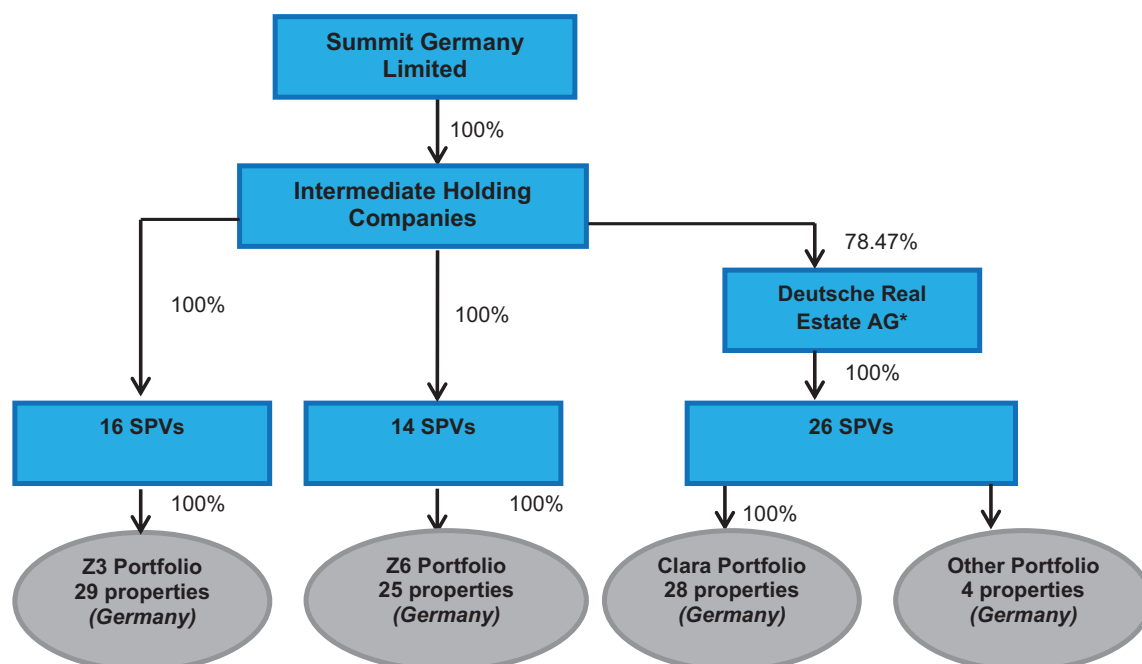
As at 31 December 2013, the Current Portfolio has an aggregate Net Lettable Area of 647,000 square metres and generates an aggregate Net Annual Rent of approximately €39 million, with a weighted average unexpired lease term of approximately 4.4 years. The Group has total outstanding bank debt of approximately €312 million and an outstanding shareholder loan from Summit of approximately €46.5 million, in each case as at 31 December 2013, reflecting an average bank LTV ratio of approximately 62.4% and a total LTV ratio (including the Summit Shareholder Loan)

of approximately 73%. The Group is in discussions with RBS and potential German lenders about a possible refinancing of the RBS Facilities on improved terms. Further details of the Current Portfolio and the related financing arrangements are set out in paragraph 10 of this Part II and in paragraph 14.2 of Part X of this document.

The Group intends to continue to seek attractive property acquisition opportunities and to grow its portfolio of properties to in excess of €1 billion by acquiring further properties in line with its acquisition strategy. The Group's acquisition strategy is based on a combination of the location of the asset, its capital value, the likely stability of its rental income, the projected yield and upside potential through active asset management and improvements to the properties. The Group is in the process of negotiating the acquisition of further properties in line with its property acquisition strategy at an expected total cost including transaction costs of up to approximately €250 million, but has not yet entered into any binding commitments to acquire any such properties.

2 Group History and Structure

The Group's simplified basic corporate structure is shown in the chart below:



* Listed on the Frankfurt stock exchange with symbol DRE2

** The above structure excludes the DT12 portfolio and the Valentine Portfolio, which were deconsolidated by the Group on 31 December 2012.

The Company is the parent company of the Group and was incorporated in Guernsey on 19 April 2006.

In May 2006, the Company was floated on AIM and (with subsequent secondary issues) raised approximately €305 million from investors, which it used to acquire part of the Current Portfolio and the DT12 Portfolio and the Valentine Portfolio.

In May 2007, the Company acquired approximately 78.47% of Deutsche Real Estate AG, which is listed on the Frankfurt stock exchange under symbol DRE2. Deutsche Real Estate indirectly owns 32 properties, including the Clara Portfolio of 28 properties and the Other Portfolio of 4 properties.

Around the same time, the Group acquired the Z3 Portfolio and the Z6 Portfolio, which it financed, together with the Clara Portfolio, with ABN Amro (later replaced by RBS). In connection with this financing, the Group entered into hedging arrangements in the form of interest rate swaps to fix the rate of interest on these borrowings.

In April 2009, Unifinter administratiekantoor B.V., a wholly-owned subsidiary of Summit, made a takeover offer for the Company at a 70% premium to the then market price and ultimately acquired over 97% of the Company as a result of its pre-existing holdings and the takeover offer. After completion of the takeover offer, the Company was delisted from trading on AIM.

Since 2009, the Group has progressively internalised its management platform and focused on managing its property portfolios by implementing a set of managing standards, improving rental income by further lettings of vacant areas, decreasing operational and management costs and strengthening its financing position by refinancing of loans.

In 2012, the Group refinanced loans with a value as at 31 December 2013 of approximately €40.5 million relating to three of its properties within the Other Portfolio with local German lenders, extending the terms of these loans to November 2018, February 2019 and December 2021 respectively.

In December 2012, the lenders which financed the acquisition by the Group of the DT12 Portfolio and the Valentine Portfolio in 2006 chose not to refinance those portfolios due to the average LTV ratios of those portfolios at the time. Although the lenders have not foreclosed on the loans, a special servicer has been appointed in respect of those portfolios and has taken steps to control the management of those portfolios. Therefore, since 31 December 2012, the Group has ceased to consolidate the DT12 Portfolio and the Valentine Portfolio in its accounts and currently attributes no value to those portfolios. The Directors do not expect that the current situation relating to the DT12 Portfolio and the Valentine Portfolio will adversely affect the lending arrangements relating to the other portfolios. In December 2013, the Group entered into separate work-out arrangements with the special servicer of the DT12 Portfolio and the Valentine Portfolio, which may result in the Group re-taking control of the Valentine Portfolio and receiving certain fees through the managed sale of the DT12 Portfolio (see further below).

In February 2013, the Group completed a refinancing of the Old RBS Facilities, which were due to reach the end of their term, by acquiring the B Note (a subordinated €120 million tranche of the Old RBS Facilities) for €90 million. The balance of the Old RBS Facilities amounted to approximately €281 million. To help finance the acquisition of the B Note by the Group, Summit raised approximately €46.5 million through an issue of 'E' Debentures, which were listed on the Tel Aviv Stock Exchange. The net proceeds of the E Debenture issue were then lent by Summit to the Company on a back-to-back basis with the E Debentures and the Company on-lent these funds, together with its own cash resources, to finance the acquisition of the B Note. The Group ultimately made the purchase of the B Note through Gallia Invest, a wholly owned special purpose vehicle. As a result of the refinancing, the overall bank LTV ratio of the Z3 Portfolio, the Z6 Portfolio and the Clara Portfolio, over which security is held by RBS under the RBS Facilities, was reduced from approximately 80% to approximately 62.4%, as at 31 December 2013, and the term of the RBS Facilities was extended by five years to 31 December 2017. In addition, as result of the refinancing the interest rates on the RBS Facilities reduced significantly (from a weighted average of 6.34% per annum pre swap maturity to a weighted average of 3.15% per annum post swap maturity).

Further details of the Group's financing arrangements are set out in paragraph 10 of this Part II and in paragraph 14.2 of Part X of this document.

In July and November 2013, the Group sold two properties and part of the land of another property within the Current Portfolio for approximately €12 million (approximately 20% above their book values) and repaid approximately €7.4 million of the RBS Facilities, which, together with ongoing amortisation, reduced the outstanding balance of the RBS Facilities to approximately €270 million as at 31 December 2013.

In May and October 2013, the Group agreed to lend up to approximately €6.2 million to partially finance three residential developments in Berlin. As at 31 December 2013 approximately €4.6 million was drawn down under these facilities. The loans bear interest at the rate of 15% per annum plus a profit participation and are secured by liens over the shares in project companies and personal guarantees by the controlling shareholders.

In December 2013, Summit entered into the Valentine Loan Sale Agreement, a conditional agreement with the special servicer of the Valentine Facility and the DT12 Facility to acquire the Valentine Loan (together with the subordinated benefit of the existing security package), the outstanding balance of which as at 31 December 2013 is approximately €74 million and the DT12 Loans, with an outstanding balance as at 31 December 2013 of approximately €53 million. The price payable by Summit under the Valentine Loan Sale Agreement for the Valentine Loan and the DT12 Loans is €42.5 million, plus certain costs and expenses. In certain circumstances, additional consideration may be required to be paid on a deferred basis, depending on the aggregate sales price achieved for the DT12 Portfolio properties pursuant to the DT12 Work-out arrangement (see

below). In January 2014, Summit granted the Company the Valentine Option, which gives the Company the right to be assigned Summit's rights under the Valentine Loan Sale Agreement to acquire the Valentine Loan and the DT12 Loans from the special servicer. The Valentine Option is exercisable by the Company at any time before 26 March 2014. If the Company elects to exercise the Valentine Option, the Group will regain control of the Valentine Portfolio. The Directors have not yet determined whether or not the Group will exercise the Valentine Option and no assurance can be given that the Company will acquire the loans. Further details of the Valentine Option and the Valentine Portfolio are set out below under "Strategy - Continue to grow real estate portfolio" and a summary of the Valentine Option is included in paragraph 14.4 of Part X of this document.

In December 2013, the Company and the Group subsidiaries that own the properties in the DT12 Portfolio entered into the DT12 Work-out, a consensual work-out arrangement with the special servicer of the DT12 Portfolio pursuant to which it is intended that the 12 properties within the DT12 Portfolio will be sold by February 2015. As part of this arrangement, the special servicer has agreed that, for as long as the terms of the Valentine Work-out and the DT12 Work-out are being complied with, the special servicer will not exercise or enforce its rights in respect of the defaults under the DT12 Portfolio financing arrangements as assigned to it by the lender. Until the DT12 Portfolio properties are sold, the Group will continue to be responsible for managing the properties and will receive on-going fees for those services and further letting fees on extensions of existing leases, re-lettings and new leases. The Group is also entitled to certain fees based on the prices achieved on the sale of the properties. The Company also has a right of first refusal to acquire any property within the DT12 Portfolio at a price of €10,000 above the highest bid price received from potential buyers in respect of the sale of such property and the Company may elect to reacquire some of the DT12 Portfolio properties if the prices are attractive.

In December 2013, the Company undertook a €21.44 million share buy-back of 36 million Ordinary Shares (representing approximately 13% of the total issued shares of the Company) from Unifinter, in connection with which the Company agreed to waive repayment to it by Unifinter of a €21.44 million loan in consideration for the buyback of the shares. Further details of the share buy-back are set out in paragraph 14.6 of Part X of this document.

3 The Opportunity

The Group has a proven track record of sourcing, financing, managing and improving properties and creating a sizeable property portfolio with attractive cash flows and a strong funding position. The Directors believe that there are opportunities within the Current Portfolio and in the German real estate market to leverage the Company's existing operational platform and experience to enhance the yield and value of the Current Portfolio. The Company will aim to do this through the maximisation of rental yields and minimisation of vacancies, the sale or development (including residential development or redevelopment, where appropriate) of surplus land areas, in each case assisted by improving conditions in the German commercial real estate market and the German economy generally.

The Directors believe that the Group is well-positioned to achieve its goal of owning an internally managed property portfolio valued in excess of €1 billion, capable of delivering stable cash flows and high yields to achieve an attractive and stable dividend yield for investors. The Group has a positive yield gap from the Current Portfolio of approximately 4.5% and a bank LTV of 62.4%, in each case as at 31 December 2013, and in the medium term plans to reduce further the bank LTV of its overall portfolio to around 50% by repaying debt, making acquisitions at lower gearing levels and through capital appreciation of its properties. The Group plans to use the surplus cash flow following debt service to generate an attractive dividend yield for investors.

Although Germany's economy has proved more resilient than many other European economies and the residential property market is seeing strong valuations, the commercial property market has remained depressed and at historically low values relative to income levels, due in part (until recently) to the unwillingness of lenders to provide finance. These circumstances have created a significant opportunity for established market players, such as the Group, to acquire properties in non-performing loan portfolios and/or from distressed sellers, and the Directors believe that current market conditions will allow the Group to penetrate the market further.

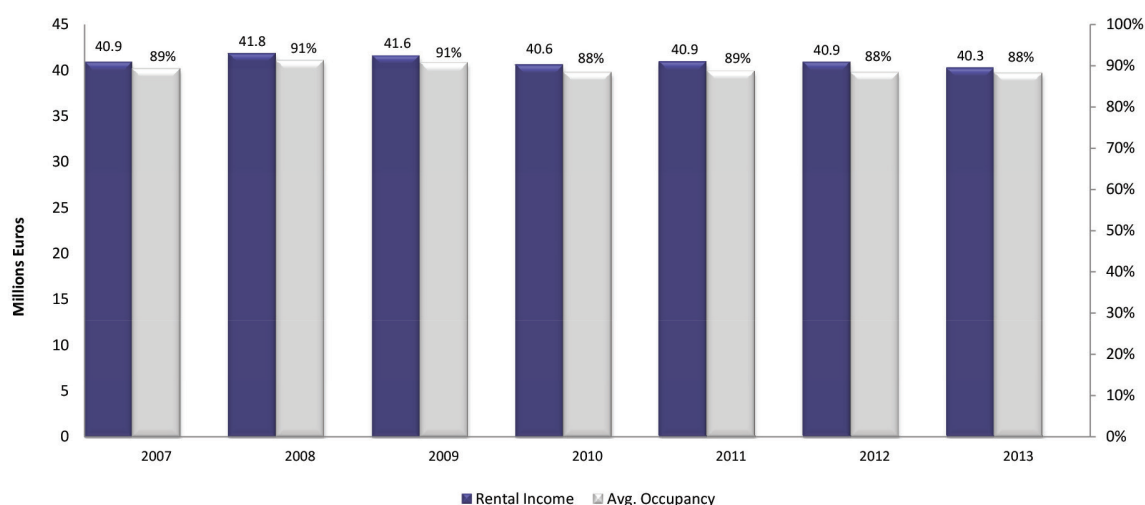
4 Competitive Strengths

The Directors believe that the Company has the following strengths.

A strong, stable and high yielding Current Portfolio with the opportunity to enhance value

The Current Portfolio comprises 86 properties, with a Net Lettable Area of approximately 647,000 square metres and which are located throughout Germany, primarily in Germany's main commercial centres. In the year to 31 December 2013, the Current Portfolio generated an aggregate Net Annual Rent of approximately €39 million, yielding approximately 8%, has been valued by DIWG (as at 31 December 2013) at approximately €500 million, and has a weighted average unexpired lease term of approximately 4.4 years. The Current Portfolio has total outstanding bank debt of approximately €312 million as at 31 December 2013, reflecting a weighted average bank LTV ratio of approximately 62.4%. Approximately 80% of the rental income of the Current Portfolio comes from governmental entities and other strong tenants, such as public sector entities and large corporates.

The table below shows the annual income and average occupancy rates of the Current Portfolio from 2007 to 2013.



* Average occupancy is to 31 December in each year stated.

The Directors believe that the value of the Current Portfolio can be enhanced in particular through the maximisation of rental income and minimisation of vacancies and the sale or development of surplus land areas and the conversion of part of suitable commercial properties into residential. In addition, where appropriate, the Group may seek to capitalise on the appreciation in value of certain properties within the Current Portfolio resulting from the Group's pro-active management strategy, its residential conversion activity and/or improving conditions in the German commercial property market by selling certain properties (or part thereof) and reinvesting and/or distributing the proceeds.

Experience in commercial property investment, management and enhancement

The Company's objective is to build a high quality sizeable commercial property portfolio in Germany capable of providing attractive dividend yields and with the potential to achieve both growth in rental and capital value. The core experience of the Group's internal management team is in the purchase, active management and enhancement of office buildings, logistic centres, and other commercial property assets, which are leased to multiple tenants at rental and capital values in line with the Company's financial targets.

The Directors believe that, while property acquisition and disposal decisions are critical, equally important is the ongoing property and asset management of properties, where substantial value can be gained or lost. The management team's local market focus allows them to be close to tenants, the properties and other market participants. The Directors believe that this hands-on real estate experience, together with local presence, translates into more timely and efficient real estate decisions that ultimately increase property income returns and add long-term value for investors.

In addition, the Directors believe that the Group's management possesses the following particular skills and expertise are crucial to the success of the Group's business and the value enhancement and maximisation of the Group's property portfolio:

- experience in the acquisition of distressed, underperforming or undervalued assets which, through pro-active asset management, can be transformed into performing and marketable properties;
- proven marketing capabilities with a proven track record in lease renewals and letting vacant spaces;
- a longstanding and successful track record of attracting members of well-established multinational corporate groups and public sector entities as tenants; and
- local presence and experience which contributes to cost savings, high property standards, tenant improvement and enhanced lease renewals and new lettings.

Experienced management team with local market expertise and proven track record

The Group's management team, headed by Zohar Levy, has extensive local and regional knowledge as a result of its experience in real estate and especially in the German property market over the past ten years. The management team was actively involved in the acquisition of the Current Portfolio and the identification of the Group's target acquisition pipeline. The management team will continue to be responsible for sourcing deals and for the day-to-day management of the Group's properties. The management team also actively seeks to add value to and maximise the value of the Group's properties, through letting of vacancies, maximising rental yields through new leases and lease renewals and property improvements, conversion of areas into residential and the sale or conversion to residential of surplus land. The team has been responsible for achieving an average renewal rate on its leases of 82% over the three years to 31 December 2013 and signing 146,000 sqm of new leases over the five years to 31 December 2013, representing rental income of €37 million pa in aggregate.

Disciplined property acquisition, investment and disposal processes

The Company's business strategy is to acquire and actively manage German office, retail, industrial and other commercial properties. In evaluating new property acquisitions, the criteria that will be considered include:

- sustainable occupancy rates and income flows;
- tenants' strength;
- established and attractive locations; and
- opportunities for enhancement through expansion, re-positioning and improved management.

In implementing the Company's acquisition strategy, the management team will present to the Board, on a quarterly basis, a pipeline of potential opportunities. Any acquisitions or disposals and any material capital expenditure or leases will need prior approval of the Board.

Prior to acquiring and financing a property, the Group will carry out appropriate due diligence, including as to the legal and environmental position and physical condition of the property. In order to secure a potential acquisition, the Group will conclude, in the preliminary phase, a letter of intent granting exclusivity for the due diligence period.

The Directors believe that the experience and operational capabilities of the Group's management team and advisers will enable the Group to identify and react quickly to investment opportunities in the market.

Established relationships with market participants

The management team has established relationships in Germany with local brokers, developers, companies interested in sale and leaseback transactions, German banks and investment institutions, municipalities and other governmental and public sector bodies, as demonstrated by the successful assembly of the Current Portfolio and the recent refinancing of the Group's debt facilities. The Directors believe that the team's relationships and track record in the German real estate market generate potential opportunities which come to the attention of the Group's management before going on the market generally.

Access to funding

The Group's management team maintains strong relations with commercial banks, investment banks and with leading international institutional investors active in the German market and has demonstrated with its successful refinancings of the Current Portfolio on improved terms in difficult market conditions its ability to secure funding. As a result, the Directors believe the Group is well-placed to finance its acquisition pipeline (if such acquisitions are made in due course) and additional properties in the future and to refinance any of the Current Portfolio when required or to optimise its financing terms. The Group is in discussions with RBS and potential German lenders about a possible refinancing of the RBS Facilities on improved terms.

5 Strategy

Generate attractive dividend yield and total returns

The Group's principal objective is to continue to improve its real estate portfolio so that it is capable of providing an attractive dividend yield with the potential of achieving growth in both rental and capital value. The Company's target is to achieve a dividend yield of 7% in the medium term, following expiry of its historical interest rate swaps in October 2014 and the full deployment of the proceeds of the Placing to acquire properties meeting its key acquisition criteria.

The Group's strategy involves taking a long term view on the majority of its portfolio, seeking to acquire properties at low capital values and hold them over time while maximising new lettings and lease renewals through pro-active asset management. The Group targets mainly multi-let properties without dependency on any major tenant and with geographical diversification across Germany's key financial and commercial centres and diversification across major commercial real estate asset classes to ensure the stability of cash flows. The Group also plans to continue to improve its funding position through long term financing with relatively low levels of gearing and interest to provide stability and visibility of debt service requirements and surplus cash flow.

In addition, as part of the Group's pro-active asset management strategy, it examines the potential to convert or develop some or part only of its properties into residential units to take advantage of the current strong residential property market in Germany's main centres.

Where appropriate, the Group may seek to capitalise on the appreciation in value of its properties resulting from the Group's pro-active management strategy, its residential conversion activity and/or improving conditions in the German commercial property market by selling certain properties and reinvesting and/or distributing the proceeds.

Continue to grow real estate portfolio

The Group intends to continue to seek attractive property acquisition opportunities and to grow its portfolio of German commercial properties to in excess of €1 billion by acquiring further properties in line with its acquisition strategy. The Group's acquisition strategy is based on a combination of the location of the asset, its capital value, the likely stability of its rental income, the projected yield and upside potential through active asset management and improvements. In particular, the Group plans to acquire properties meeting the following key acquisition criteria: a rental yield of approximately 8% pa, gearing of approximately 60% or lower and expected bank debt service costs of approximately 6% pa or less, to achieve cash on cash returns of 12% pa or higher.

Subject to the availability of equity, the Group is in the process of negotiating up to €250 million of acquisitions in line with its property acquisition strategy and meeting the key acquisition criteria referred to above. Negotiations in respect of the Valentine Portfolio and the DT12 Portfolio are at a relatively advanced stage, as described below. The Directors intend to continue these discussions, including where appropriate approaching third party debt providers to determine the availability of funding. The Group has not yet entered into any binding commitments to make any acquisitions and the Directors can therefore give no assurance at all that the Group will make any or all of the pipeline acquisitions.

In December 2013, Summit entered into the Valentine Loan Sale Agreement with the special servicer of the Valentine Facility and the DT12 Facility to acquire the Valentine Loan and the DT12 Loans, together with the benefit of the underlying security relating to the Valentine Loan, including the Valentine Portfolio. In January 2014, Summit and the Company entered into the Valentine Option, which gives the Company the right to be assigned Summit's rights under the Valentine Loan Sale Agreement to acquire the Valentine Loan and the DT12 Loans. The Valentine Option is

exercisable by the Company at any time before 26 March 2014. If the Company elects to exercise the Valentine Option, the effect would be to allow the Group to re-consolidate the properties within the Valentine Portfolio (and property owning SPVs) and the Directors believe the Group may be able to refinance the Valentine Facility on favourable terms with a third party debt provider (due to the significantly improved net yield to loan ratio of the loan, which is expected to be around 13.4%). The Directors have not yet determined whether or not the Company will exercise the Valentine Option and no assurance can be given that the Company will acquire the loans. A summary of the Valentine Option is included in paragraph 14.4 of Part X of this document. The Valentine Portfolio is made up of 11 properties, has an aggregate Net Lettable Area of 90,000 square metres with an occupancy rate of 71% and generates an aggregate Net Annual Rent of approximately €6.4 million, reflecting a yield of 15% on the expected acquisition cost for the Valentine Facility.

Under the terms of the DT12 Work-out, the Group has a right of first refusal to acquire any of the DT12 Portfolio properties that are subject to bids by third parties at small premium to the highest bid price received. A summary of the DT12 Work-out is included in paragraph 14.5 of Part X of this document. The bid processes in respect of the DT12 Work-out are ongoing and the Group has not yet determined whether or not it will acquire any of the DT12 Portfolio properties. The DT12 Portfolio is made up of 12 properties, has an aggregate Net Lettable Area of 160,000 square metres and generates an aggregate Net Annual Rent of approximately €15.3 million.

Enhance rental and capital growth through active portfolio management

The Company intends for the commercial properties owned and to be acquired by the Group to be actively managed by the Group's own internal management team with the aim of enhancing both rental income and capital growth through:

- development of individual asset-level management strategies in order to identify value enhancement potential;
- increasing occupancy levels of properties through its contact with potential tenants, other marketing initiatives and on-the-ground presence;
- re-configuration, redevelopment or refurbishment of certain properties on termination of the current leases or in agreement with current tenants; and
- negotiation of lease surrenders, renewals, rent reviews and lease extensions in order to enhance the rental income profile and income quality for particular properties.

The Directors believe that the management team's experience in actively managing commercial properties will enable it to increase returns from the Current Portfolio and any subsequently acquired properties.

Capitalise on positive and improving German economic conditions and recovery of the German commercial real estate market

Germany is the largest economy in Europe and the second largest exporter in the world after China and ahead of the United States. It has managed to sustain positive macroeconomic performance since 2010 despite the difficulties encountered by many other major economies in the eurozone, recording positive GDP growth each year together with a downward trending unemployment rate (in 2012 it reached its lowest rate since 1991 of 6.8%).

The German commercial property market remains depressed and at historically low values relative to domestic affordability, due in part (until recently) to the unwillingness of lenders to provide finance. The market is also characterised by fragmented ownership. These circumstances have created a significant opportunity for established market players, such as the Group, to acquire properties in non-performing loan portfolios and/or from distressed sellers, and the Directors believe that current market conditions represent excellent timing to continue to penetrate the market and provide an opportunity to acquire commercial assets at high yields.

The Directors believe the Group is well positioned in the German real estate market, through its established, stable and recently refinanced Current Portfolio, its demonstrated relationships with tenants, brokers, investors and finance-providers and its attractive pipeline of acquisition opportunities, to take full advantage of this opportunity and the potential recovery of German commercial property prices.

Undertake residential property initiatives to take advantage of current and expected German residential property market conditions

In May and October 2013, the Group made loans of up to €6.2 million to three residential developments in Berlin in respect of which the Company is entitled to receive annual interest of 15% plus an additional margin based on the ultimate success of the projects. As at 31 December 2013, approximately €4.6 million was drawn down under these facilities. The loans are secured by liens over the shares of the project companies and personal guarantees of the controlling shareholders.

In addition, as part of the Group's active asset management strategy, the Group examines the potential to convert or develop some or part of its properties into residential units to take advantage of the strong residential property market in Germany's main centres.

The Group plans to undertake residential developments at suitable properties within its current and future portfolios where attractive opportunities are identified and is currently analysing which of its current properties are best suited to such redevelopment.

These residential property based initiatives are new areas of business for the Company which management intends to explore where opportunities to create significant value exist given the strong current performance and prospects of the German residential property market.

6 German Commercial Real Estate Market

Germany has the largest commercial real estate sector in Europe and the German property market is considered to be one of the most secure and stable investment markets globally. Capital values for commercial property in Germany have been more resilient than the UK in the last six years with an average fall of approximately 20% while UK values are more than 30% below their peak in 2007. However, the German commercial property market remains at historically low values relative to domestic affordability, due in part (until recently) to the unwillingness of lenders to provide finance.

Over €30 billion was invested in German commercial property in 2013, a 21% increase compared to 2012 and the highest total transaction volume since 2007, according to Jones Lang LaSalle. The final quarter of 2013 saw the greatest transaction volume, with commercial property worth approximately €11.5 billion changing hands. The majority of transactions occur in Germany's top seven commercial property hubs, Berlin, Dusseldorf, Frankfurt, Hamburg, Cologne, Munich and Stuttgart, with around 60% being invested in Berlin. Apart from Berlin and Stuttgart, transaction volumes in 2013 increased in the top seven cities year-on-year with growth ranging from -16% in Stuttgart to 195% in Dusseldorf.

By sector, in 2013 office property accounted for the highest share of commercial property transaction volume at 46%, followed by retail property with a 26% share, mixed use properties with 11% and warehousing and logistics properties with 7%.

Yields were relatively stable in 2013 in the top seven cities, with yields of 4.67% for prime office properties, 4.70% for retail shopping centres and 6.56% for warehousing and logistics properties, in each case in the fourth quarter. Jones Lang LaSalle expects a stable development overall for commercial property yields in 2014.

A positive yield spread currently exists in the German real estate market between the rental yields that properties provide and the cost of finance that can typically be obtained to acquire such assets. This provides the Group with the opportunity to generate positive returns on rental income as well as potential enhanced capital returns on the Group's assets if investment yields reduce. The Group generally seeks to ensure this yield spread is as consistent as possible by either entering into fixed rate financings or hedging its floating rate borrowings for the term of the loan.

The combination of depressed valuations combined with fragmented ownership have created a significant opportunity for established market players, such as the Group, to acquire properties in non-performing loan portfolios and/or from distressed sellers, and the Directors believe that current market conditions represent excellent timing to continue to penetrate the market and provide an opportunity to acquire commercial assets at attractive yields.

7 Internal Management Structure

The Group predominantly internalised its external asset manager in 2009 and these services are now provided to the Group by DRESTATE, which is an indirect subsidiary of the Company.

Separately, SMC, which is owned by Zohar Levy, is responsible for providing certain public company services and advisory services to the Group, including the services of the Group's Managing Director and Finance Director, Zohar Levy and Sharon Marckado Erez.

SMC will, from Admission, receive an advisory fee equal to €750,000 per annum plus the potential to receive a bonus of up to €750,000 per annum depending on certain performance criteria, which will cover the salaries of Mr Levy and Ms Marckado together with certain administrative and other costs of the Company.

Summaries of the relevant management arrangements are set out in paragraph 14.1 of Part X of this document.

8 Carried Interest

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 Portfolio Management Agreement. For a summary of the carried interest provisions, please see paragraph 14.3 of Part X of this document.

As at the date of this document, SFL has an authorised and issued share capital of £2,000 comprising 1,780 ordinary shares of £1 each ("**SFL Ordinary Shares**") and 220 B shares of £1 each ("**B Shares**"). The Company and SMC respectively hold the SFL Ordinary Shares and B Shares, with their holdings in the share capital of SFL being 89% and 11% respectively.

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 Portfolio Management Agreement provide that the B shares may be held by whoever is the appointed asset manager under the Portfolio Management Agreement or any other asset or portfolio management agreement to which the Company is a party from time to time.

In order for SMC to be entitled to receive the carried interest in accordance with the SFL Articles, the Group must firstly achieve the Shortfall for the financial years since the incorporation of SFL on 24 April 2006 and then meet the Hurdle in respect of the current accounting period. As of 31 December 2013, such Shortfall is approximately €146.7 million. Therefore, the likelihood that SMC would be entitled to receive any carried interest is extremely low. The SFL Ordinary Shares carry full rights including the rights to vote at general meetings and receive dividends and capital on a winding up in accordance with the SFL Articles. The B Shares carry comparatively limited rights. The B Shares shall not have the right to vote at general meetings, save on any resolution to wind up SFL and in the circumstances where its class rights would be altered. The holders of B Shares will only be entitled to 25% of the excess dividends after the holders of the SFL Ordinary Shares have received their dividends equal to the Hurdle in respect of each accounting period (and any Shortfall needs to be made up).

On 7 June 2013, the new Statutory German "anti-RETT blocker" provision (section 1 paragraph 3a German RETT Act) took effect. Pursuant to this provision, a transaction may trigger RETT if a taxpayer holds an economic participation of at least 95% as a result of it. The Company has been advised that, as a consequence of such provision, there remains a risk that any amendment to the SFL Articles to remove the B Shares may be treated as a transaction which leads to a taxpayer (i.e. the Company) holding new economic participation of at least 95% in SFL and therefore German RETT could be payable, which would have a material adverse effect on the financial position of the Company.

To minimise such risk, and in light of the high unlikelihood that SMC could be entitled to receive the carried interest, the Company has decided not to amend the SFL Articles to remove the B Shares.

9 Employees

On the date of this document, the Group has approximately 50 employees. The Group also contracts persons to provide certain ancillary services at its major properties. The Directors believe that the relationship between its management and its employees is stable. The employees are not unionised.

10 Financing

The Group's three main property portfolios, the Z3 Portfolio, the Z6 Portfolio and the Clara Portfolio, are financed through separate facilities with RBS and which comprise the RBS Facilities. The Z3 Portfolio and the Z6 Portfolio are cross-collateralised but the Clara Portfolio is ring-fenced due to its ownership through Deutsche Real Estate. Three of the Group's properties are financed separately with HASPA and DG Hyp. The Group holds one property that is not financed.

The material features of each of the Group's facilities are disclosed in the table below. The table reflects the position as at 31 December 2013.

Credit Facility	Debt Provider	Financing Date	Maturity Date	Loan Amount (€m)	Interest Rate	Market Value (€m)	LTV (covenant)	LTV (actual)	ICR / DSCR (covenant)	ICR / DSCR (actual)
					(from 2014)					
Z3	RBS	Feb'2013	Dec'2017	63.1	3.49%	88.1	80%-85% (from 2015)	71.5%	125%	172%
Z6	RBS	Feb'2013	Dec'2017	56.5	3.66%	97.7		57.9%	115%	165%
Clara	RBS	Feb'2013	Dec'2017	151.8	3.71%	254.7		59.6%	110%	134%
Rahmhof	DG Hyp	Dec'2013	Nov'2018	23.5	2.66%	32.9	75%	71.4%	145%	165%
Luneburg	HASPA	Oct'2012	Dec'2021	5.4	euribor + 1.75%	11.3	NR	48.2%	125%	225%
Pinkertweg	HASPA	Oct'2012	Feb'2019	11.6	euribor + 1.75%	14.8	NR	78.2%	125%	183%
Other				2.0*		1.4**				
				313.9		499.5		62.4%		
Shareholder Loan	Summit	Feb'2013	Jul'2019	46.5	9.50%	NR	NR	NR	115%	269%

* This refers to the aggregate amount of certain finance obtained by the Group in connection with its acquisition of a participating interest in a property owning vehicle.

** This refers to the market value of the Group's participating interest.

In addition to the bank facilities referred to above, the Company also has an outstanding Shareholder Loan from Summit in the amount of approximately €46.5 million, which it used to finance the acquisition by Gallia Invest of the B Note in connection with the refinancing and deleveraging of the Old RBS Facilities in February 2013 (see paragraph 14.2 of Part X of this document for more detail on the refinancing).

The Group has provided security in relation to the E Debentures which were issued by Summit in order to part finance the acquisition of the B Note by the Group. As part of the RBS refinancing arrangements, the Company has committed to dispose of part of its properties so that the accumulated sum of the net disposal proceeds is at least €10 million, €25 million, €50 million and €75 million on 15 January of 2014, 2015, 2016 and 2017, respectively, and €100 million on 31 December 2017. On each property sale, 115% of the outstanding loan amount in relation to the property sold is required to be repaid to RBS, thereby accelerating repayment of the RBS Facilities. In July and November 2013, the Group sold two properties and part of the land of another property within the Current Portfolio for approximately €12 million (approximately 20% above their book values) and repaid approximately €7.4 million of the RBS Facilities which, together with ongoing amortisation, reduced the outstanding balance of the RBS Facilities to approximately €270 million as at 31 December 2013. These sales more than satisfied the Group's commitment to sell €10 million of its portfolio by 15 January 2014.

As a matter of policy, the Group keeps its outstanding credit facilities under review and seeks to take advantage of attractive refinancing alternatives. The Group is in discussions with RBS and potential German lenders about a possible refinancing of the RBS Facilities on improved terms.

The Group holds legacy interest rate swaps with a negative fair value of €11.8 million as at 31 December 2013 (down from €19 million as at 30 June 2013) that were linked to the Old RBS Facilities. These swaps partially expired in July 2013 and the remainder of the swaps will expire in July and October 2014, which will significantly reduce interest payments on the Group's debt by approximately €12.5 million on an annual basis, thereby freeing up significant additional cash flow for the Group. New swaps have been entered into by the Group in respect of the RBS Facilities at a rate of 1% to 1.2% fixed. In general terms, the Group seeks to secure fixed borrowing costs in connection with its financings or, where floating rates are more attractive at the relevant time, to

hedge any interest rate risk on its floating rate financings. Interest payments on the Group's debt of approximately €17 million with HASPA relating to the Luneberg and Pinkertweg properties within the Other Portfolio are not currently hedged, however the Group intends to hedge these loans at a later stage.

Where appropriate, the Group also enters into currency hedges to limit its currency exposure. The Group currently hedges its exposure to movements between the Israeli Shekel and the Euro which arise from its €46.5 million loan from Summit being denominated in Shekels but the intra-Group lending to finance the acquisition of the B Note by Gallia Invest and the B Note itself being denominated in Euro. This hedge covers the cash flows relating to the loan only and not the balance sheet exposure.

11 Long term incentive plan

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

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

As at the date of Admission, no awards or options have been granted under the LTIP or the equivalent plan for non-employee directors and consultants.

Further details of the LTIP are set out in paragraph 10 of Part X of this document.

12 Insurance

The Group has customary property and third-party liability insurance policies in relation to all of its Current Portfolio, covering a wide range of risks to the properties and providing cover for loss of rent in certain circumstances, and intends to put in place similar arrangements in relation to any properties that are acquired in the future.

The Group will continue to hold directors' and officers' insurance policies covering claims made against them in relation to the ongoing activities of the Company and will obtain, effective from Admission, directors' and officers' insurance policies to cover claims made against them in respect of this document. The coverage amounts in each case are considered to be suitable for companies of a similar size and conducting similar activities.

13 Selected financial information

13.1 Selected Pro-forma financial information

The table below shows the selected pro-forma key historical financial information for the three years ended 31 December 2012 and the six months ended 30 June 2013 (together with a comparative pro-forma as at 30 June 2012), in each case excluding the impact of the DT12 Portfolio and the Valentine Portfolio, which were deconsolidated by the Group on 31 December 2012.

	Pro-forma (unaudited) for the year ended 31 December 2010* (€'000)	Pro-forma (unaudited) for the year ended 31 December 2011* (€'000)	Pro-forma (unaudited) for the year ended 31 December 2012* (€'000)	Pro-forma for the six months ended 30 June 2012* (€'000)	For the six months ended 30 June 2013 (€'000)
Gross rent	41,013	41,180	40,944	20,733	20,386
Operating expenses	(2,932)	(2,591)	(2,022)	(1,057)	(1,308)
Gross profit	38,081	38,589	38,922	19,676	19,078
General and administrative expenses	(7,986)	(7,707)	(7,569)	(3,192)	(1,963)
Fair value adjustments	11,962	(8,060)	(2,905)	(1,388)	(1,302)
Other income	248	1,602	1,329	1,258	658
Operating profit	42,305	24,424	29,778	16,354	16,471
Operating profit excluding revaluations	30,343	32,484	32,682	17,742	17,773
Financial expenses	(24,196)	(24,936)	(26,348)	(13,413)	1,502**
Profit (loss) before tax	18,109	(512)	3,430	2,941	17,973
Income tax	(419)	(1,153)	1,300	581	(816)
Profit (loss) after tax	17,690	(1,665)	4,729	3,522	17,157
Investment properties	528,177	518,823	515,205	515,983	516,834
Bank Debt	460,217	456,294	447,091	452,062	323,909
NAV	109,187	117,607	134,677	126,205	176,954
EPRA NAV	147,394	153,046	163,677	159,587	198,693

* These figures are a pro-forma restatement of the historical position excluding the deconsolidated DT12 Portfolio and the Valentine Portfolio. The pro-forma financial information has been prepared by management of the Company by deconsolidating the net assets or liabilities of the DT12 Portfolio and the Valentine Portfolio owning entities and assuming nil value for these in the consolidated accounts of the Group.

** Includes €30 million profit resulting from refinancing agreements. For further information refer to Note 4A to the Interim results for the Group in Part VII of this document.

13.2 Selected Audited Financial Information for the periods to 31 December 2010, 31 December 2011 and 31 December 2012 and Selected Financial Information for the 6 months to 30 June 2013.

The table below shows the selected key historical financial information for the three years ended 31 December 2012 and the six months ended 30 June 2013.

	Audited for the year ended 31 December 2010* (€'000)	Audited for the year ended 31 December 2011* (€'000)	Audited for the year ended 31 December 2012* (€'000)	For the six months ended 30 June 2013 (€'000)
Gross rent	63,747	63,513	63,256	20,386
Operating expenses	(3,983)	(3,838)	(3,729)	(1,308)
Gross profit	59,764	59,765	59,527	19,078
General and administrative expenses	(10,904)	(10,346)	(10,055)	(1,963)
Fair value adjustments	18,587	(16,735)	(51,651)	(1,302)
Other income	247	1,587	3,813	658
Operating profit	67,694	34,181	1,634	16,471
Operating profit excluding revaluations	49,107	50,916	53,285	17,773
Financial expenses	(37,770)	(38,330)	(39,674)	1,502**
Profit (loss) before tax	29,924	(4,149)	(38,040)	17,973
Income tax	(435)	(1,181)	920	(816)
Profit (loss) after tax	29,489	(5,330)	(37,120)	17,157
Investment properties	826,944	809,188	515,205	516,834
Bank Debt	708,084	702,295	447,091	323,909
NAV	148,246	152,384	134,677	176,954
EPRA NAV***	203,348	200,402	163,677	198,693

* These figures include the DT12 Portfolio and the Valentine Portfolio, which were deconsolidated on 31 December 2012.

** Includes €30 million profit resulting from refinancing agreements. For further information refer to Note 4A to the Interim results for the Group in Part VII of this document.

*** Not audited.

14 Current Trading and Prospects

For the six months ended 30 June 2013, the Group's gross revenues were approximately €20.4 million. The Company's trading for the second half of 2013 was in line with the first half, reflecting stable rental and occupancy levels across the Current Portfolio.

As set out in the Valuation Report, the market value of the Current Portfolio as at 31 December 2013 was approximately €500 million.

The Directors believe that the Group is well positioned to capitalise on opportunities that exist in the commercial real estate market in Germany. The Group has a strong and experienced internal management team capable of maximising the value of the Group's current and future portfolio of assets and identifying and executing attractive acquisitions to add further value.

15 Use of Proceeds

The Company has conditionally raised net proceeds in the amount of approximately €30.7 million. The estimated net proceeds are calculated based on the gross proceeds of the issue of new Ordinary Shares in connection with Admission, which amounted to approximately €34.6 million, less the estimated expenses relating to Admission of approximately €3.9 million.

The Group intends to use the net proceeds of the Placing to finance (together with any appropriate bank debt) acquisitions from its identified pipeline (see further in paragraph 5 in this Part II).

16 Dividend Policy

Subject to market conditions and the Group's future results and liquidity needs, the Directors expect to pay interim and final dividends in respect of each financial year. The Company's target is to achieve a dividend yield of 7% in the medium term, following expiry of its historical interest rate swaps in October 2014 and the full deployment of the proceeds of the Placing to acquire properties meeting its key acquisition criteria. There can be no guarantee as to the amount of any dividend payable by the Company in any given year.

17 Taxation

The Directors believe that the Group's structure offers investors an opportunity to invest indirectly in the German commercial real estate market in a tax efficient manner, as taxable earnings are reduced by interest deductions provided from gearing and tax depreciation. In addition, the Group's structure is designed to provide the potential for tax efficient disposals.

General information regarding Guernsey and UK taxation is set out in Part VIII of this document. A prospective investor should consult his or her own appropriate professional advisers immediately if he or she is in any doubt as to his or her tax position.

18 Regulatory Status

The Company is not regulated by the Guernsey Financial Services Commission.

19 Further Information

Your attention is drawn to the Additional Information set out in Part X of this document, as well as the Risk Factors set out in Part IV of this document.

PART III

CURRENT PORTFOLIO AND INVESTMENT PIPELINE

1 Summary of Current Portfolio

- 1.1 The Current Portfolio consists of 86 multi-let German commercial assets, mainly offices with some retail and logistics properties, leased to approximately 500 tenants, such as government and public sector entities and large corporates, on relatively long-term leases for the German market. The properties are in geographically diverse locations across Germany, but approximately 50% of rental income comes from properties located in the main German financial centres of Berlin, Frankfurt and Hamburg. Over 74% of the Current Portfolio's net lettable areas are located in Germany's major cities. The Current Portfolio has been held and managed by the Group since it was acquired by the Group in 2006 and 2007. The Current Portfolio has been valued by DIWG at approximately €500 million as at 31 December 2013 and have a rental yield of approximately €39 million (8%).
- 1.2 For the key statistics of the Current Portfolio, please refer to the table of the Current Portfolio contained in the Valuation Report on pages 175 to 204 of this document.

2 Investment Pipeline

The Group is in various stages of negotiations to make additional acquisitions at an expected total cost including transaction costs of up to approximately €250 million. These acquisitions, if made by the Group, are expected to significantly improve the yield of the Group's overall property portfolio.

3 Material Properties and Material Leases

- 3.1 The 20 largest properties (based on market value as at 31 December 2013) within the Current Portfolio are referred to as the "Material Properties". The aggregate market value of the Material Properties is €336,338,000 as at 31 December 2013. For a summary of the 20 Material Properties, please see paragraph 3.4 of Part III of this document.
- 3.2 The 20 largest leases (based on net annual rent as at 31 December 2013) within the Current Portfolio are referred to as "Material Leases". The aggregate annual rental income of the Material Leases is €14,215,116 as at 31 December 2013.
- 3.3 Where a Material Lease is within a Material Property, the details of such lease and the related property are set out in paragraph 4 of Part III of this document. Where a Material Lease is not within a Material Property, its details are set out in paragraph 6 of Part III of this document. The details of the Material Properties which do not have any Material Lease are set out in paragraph 5 of Part III of this document.

3.4 Table of the 20 Material Properties:

No	Location	Address	Use	Site Area	Total Net Lettable (sqm)	Vacancy rate (%)	Main Tenants
1.	Berlin	Oudenarder Str. 16	Offices	28,151	61,160.39	34.16	Charité Universitätsmedizin, SOS Kinderdorf, Deutsches Herzzentrum Berlin
2.	Cologne	Gladbacher Wall 5, Cologne	Offices	19,803	17,404.00	62.80	Köln Vermietungs GmbH & co. KG Stiftung Bildung & Handwerk
3.	Hamburg	Kronsaalweg 88, Hamburg	Offices	13,513	15,273.64	0.00	GMG Generalmietgesellschaft mbH
4.	Berlin	Wilhelmsruher Damm 229, 231-245	Retail	25,389	11,378.00	0.00	Bauhaus GmbH & Co. KG Otto Reichelt GmbH Dr. Lutz-Rainer Barthel Frank Laskowski
5.	Dietzenbach	Waldstr. 29, Dietzenbach II.	Logistic	47,130	51,306.00	0.00	Kaufhof Warenhaus AG
6.	Dusseldorf	Wahlerstr. 37-39, Düsseldorf	Offices	40,140	23,124.00	3.30	Kintetsu World Express Deutschland GmbH myloc Managed Infrastructure KT EXKLUSIVE GmbH
7.	Hamburg	Pinkertweg 20, Hamburg	Logistic	44,614	29,627.91	5.19	APEX GmbH Bundesanstalt f. Immobilienaufgaben Liebisch GmbH
8.	Potsdam	Potsdam, Trebbinerstr. 36	Logistic	60,172	24,786.00	0.00	Horst Lehmann Getränke GmbH
9.	Lüneburg	Lilienthalstraße 1, Lüneburg	Logistic	103,686	23,098.30	0.66	Deerberg Versand GmbH Studio Hamburg Traumfabrik
10.	Gutersloh	Determeyer Straße 66, Gütersloh	Logistic	37,222	19,753.00	0.00	arvato digital services GmbH
11.	Hof	Hof, Windmühlenweg 12, 12 a	Offices	3,067	9,730.37	0.00	Fondsdepot Bank
12.	Frankfurt	Rahmhofstr. 2, 4	Offices	1,813	9,021.79	4.91	Gadelander Str. 77 Projekt GmbH Firer GmbH Dr. Reinhard Köber, Dr. Thomas Maier
13.	Hamburg	Mendelssohnstr. 15, Hamburg	Offices	14,631	13,886.00	10.50	Eurofins Consumer Products Testing GmbH Sequenom GmbH Stollmann Entwicklungs- u. Vertriebs GmbH Bildkunst Akademie Hamburg
14.	Frankfurt	Westerbachstr. 47, Frankfurt	Offices	13,055	17,946.53	35.39	Sharp Business Systems Deutschland GmbH gtz AgenZ GmbH 100 Grad Kommunikation GmbH Martin-Color GmbH & Co. KG
15.	Hamburg	Osterfeldstr. 12-14, Hamburg	Offices	9,444	10,660.27	29.03	House of Brands Europäische Medien u. Business Yamaha Europe GmbH
16.	Dietzenbach	Waldstr. 66-76, Dietzenbach	Offices	28,998	16,537.85	18.93	A&O GmbH Sketchers USA Deutschland GmbH MM Supplies GmbH Axson GmbH
17.	Saarbrücken	Kaiserstr. 25, Saarbrücken	Offices	1,934	5,150.00	12.23	IKK Südwest Commerzbank AG
18.	Norderstedt	Kohfurth 15, Norderstedt	Retail	9,552	6,276.79	0.00	EDEKA Handelsgesellschaft Reha-Zentrum-Nord GmbH Das Futterhaus
19.	Stuttgart	Rosenstein Str. 22,24, Stuttgart	Offices	2,435	6,593.00	42.57	Halim Keskin & Nima Nafeei Landeshauptstadt Stuttgart Ingeus GmbH
20.	Berlin	Friedrichstr. 231, Berlin	Offices	2,389	5,943.00	7.08	Campus Berufsbildungs e.V. Botschaft der Republik Albanien Reporter ohne Grenzen

4 Details of Material Properties and Material Leases

4.1 Oudenarder Straße (Berlin, Germany)

The property is located in Berlin-Wedding. Wedding is a sub-district in the Mitte district of Berlin. The present day sub-district was created in 2001 through division of the district Wedding – formerly belonging to West Berlin - along the line Reinickendorfer Strasse and Chausseestrasse. Wedding is characterized for the most part by old buildings with buildings

at the rear, dating from the period of the Second Empire (1870-1873) and multi-storey buildings of government-subsidized housing blocks built in the 1970s and the 1980s. Today the district Mitte, to which the sub-district Wedding belongs, is inhabited by many immigrants, socially disadvantaged persons and persons of low income.

The property is located in Berlin-Wedding at Oudenarder Strasse, close to Seestrasse. As extension of the A100 autobahn, Seestrasse is a main traffic road.

The property consists of several buildings which had been a location for the production of fluorescent tubes (OSRAM) in the past. Most buildings are situated around two inner courtyards. Below the inner courtyard at the front is a basement car park with ca. 200 parking spaces; the buildings have basements underneath (in parts), which are used for storage. The area of the inner courtyards is used as car park and for traffic lanes and open space. The individual buildings have between 2 and 5 full storeys. In some places the roof storeys are fitted out and are clad with yellow bricks. The windows have double glazing. The quality of the fitting-out of the leased premises varies between very basic (antiquated) and as-new, depending on their use and letting status.

Lessee	Lease end date	Leased area (m ²)
Deutsches Herzzentrum Berlin Stiftung bürgerlichen Rechts	30 Oct 2017	2,441.82
Charité Universitätsmedizin Berlin	30 Nov 2016	5,556.91

4.2 **Gladbacher Wall 5 (Cologne, Germany)**

The property is located in Cologne. Cologne is divided into nine municipalities. The municipality where the property is located is Innenstadt. This municipality is divided into five districts (Altstadt-Nord, Altstadt-Süd, Deutz, Neustadt-Nord and Neustadt-Süd). The property is located in Neustadt-Nord. The city district Neustadt-Nord is located in the middle of Cologne northwest of the historic city. The district is characterized by the "Media Park".

The property is located on Gladbacher Wall, a cul-de-sac which is a less trafficked road. The surrounding area is characterized by railways and a freight depot and in a distance of approx. 500 m by residential buildings. Behind the railways there are green areas.

The property was built in 1895 and consists of two five-storey traditional masonry structure main building with arched brick ceilings, reinforced concrete beams and decks, and a steel frame hall structure on the second floor. The roofs are partly sloped roofs with metal sheeting or elastomeric covering, and flat roofs with built-up roofing. The parking garage (built 2004/2005) is a concrete structure with pre-fabricated reinforced concrete beams and slabs and provides approx. 417 parking spaces. The upper deck is not covered. The subject property provides two schoolyards, one on the ground floor and the second one above the gymnasium roof, and open areas around the masonry building with service areas, sidewalks, parking spaces, and limited landscaped areas along the northern boundary.

Lessee	Lease end date	Leased area (m ²)
Stiftung Bildung & Handwerk	28 Feb 2021	6,333.96

4.3 **Kronsaalweg 88 (Hamburg, Germany)**

The property is located in the district Stellingen. Stellingen is located in the north-west of Hamburg.

The property is located in the north of the district Stellingen. The distance to the core of the city is approx. 8.7 kilometres. The traffic accessibility is very good. The motorway A7 borders to the district in the west and can be accessed by a motorway junction 0.8 kilometres away. The connection to public transportation is good. A bus stop is located in front of the property. The local train station Hamburg-Eidelstedt can be accessed in 1.4 kilometres. The surroundings are mostly used for office, retail and residential.

The property in Hamburg, Kronsaalsweg, is a building rented by the GMG Generalmietgesellschaft (Deutsche Telekom). It is a detached building with 7 stories and flat roof and additional multi-storey car park. It was built between 1982 and refurbished in 2005. The property has 5 lifts. The property has a gas heating. The toilets were partly refurbished within the last years. Carpet is laid throughout the office floors. There are some conference rooms and a canteen in the ground floor. Overall the property is in an average condition. The smoke dampers at the staircases have damages (leakages) and have to be replaced.

Lessee	Lease end date	Leased area (m ²)
GMG Generalmietgesellschaft mbH	30 Sep 2016	15,274

4.4 **Wilhelmsruher Damm 229, 231-245 (Berlin, Germany)**

Wittenau is a sub-district of the district Reinickendorf in the north of Berlin. It was formerly part of a town in the Mark of Brandenburg called Dalldorf, which was absorbed into Berlin in 1920. In the north it borders on the sub-districts Waidmannslust and Hermsdorf and to the west the sub-district Tegel. To the south lies Tegel Airport. To the north it borders on the sub-district Reinickendorf, which gives the district its name. Here, together with the Märkisches Viertel quarter, exists a high concentration of customers in the catchment area of the property.

As a retail location the site profits from its proximity to the adjoining quarter Märkisches Viertel, which lies on the east of the S-Bahn (city express railway) line. The immediate surroundings to the south and west of the property are characterized by single-family houses and smaller apartment blocks.

The property consists of several buildings and a car park with over 300 parking spaces. Starting out from the road Wilhelmsruher Damm one finds firstly an older industrial shed roof building, which is let to a DIY (do-it-yourself) store. This user runs along the eastern boundary of the site, initially on the ground floor of a two-storey building structure and connected in an L-shape to a newer shed building area, which forms the southern boundary of the site. North of this new shed building there is also an older building which is used by a supermarket and smaller retail units. On the upper floors of the two-storey building structure there are doctors' surgeries. Also on the Wilhelmsruher Damm boundary of the site there is a two-storey separate building in which there are both a pharmacy and a gastronomy business. The old building parts (partly DIY store and supermarket) have basements. This space is only very limited however and in use in some areas as storage space by the different users above. The windows on the upper floor of the two-storey building and in particular the roof surface of the old shed building on Wilhelmsruher Damm are in urgent need of repair. Altogether the older existing buildings and the external areas (car park) show a normal need for repair in line with their age and their use.

Lessee	Lease end date	Leased area (m ²)
Bauhaus Gesellschaft für Bau- und Hausbedarf mbH & Co. KG Berlin	31 Dec 2015	7,860

4.5 **Waldstr. 29, Dietzenbach II. (Dietzenbach, Germany)**

The property is located in the Dietzenbach district Steinberg. Steinberg consists essentially of a residential area west of the railway line and the trading estate Nord, east of the railway line. In the centre is the Steinberg shopping centre. Steinberg has a population of just under 12,000 people.

The property is located on the eastern edge of Dietzenbach. In the surrounding area there are several logistics buildings. The road transport access can be described as good. The nearest autobahn access point can be found ca. 7.8 km away.

The property is a logistics property with an additional office building. The main shed building with a floor area of ca. 100 x 230 m has two storeys over large parts of it. Deliveries and despatches are made on the south-eastern longitudinal side via various loading ramps and docking gates. Inside the shed building a largely automated warehouse and transport system has been installed by the tenant for the storage and fabrication of textiles. There are shelving

systems in some places. The clear height of the individual storey levels is between 4 and 4.5 m, in the area of the shelving systems there is no mezzanine floor. The shed building areas are equipped with sprinkler and fire alarm systems, to which is added technical installations to trap fire fighting water. The headquarters building has two storeys and a basement. In this building both the canteen and welfare facilities for the ca. 250 to 350 employees and also the head office areas for this location are accommodated. The fitting-out is suitable for its purpose. Behind the head office building a larger shed building has been added to increase the space available. Technically and visually the property makes a well-cared-for impression. Extensive investment has been made in the engineering by the tenant.

Lessee	Lease end date	Leased area (m²)
Galeria Kaufhof GmbH	31 Dec 2015	51,699

4.6 *Wahlerstr. 37-39, Düsseldorf (Dusseldorf, Germany)*

The district Rath lying around 5 km north-east of the city centre has a long tradition as an industrial location. With the establishment of the Mannesmann Pipe Works in Rath Dusseldorf became the international centre of the pipe industry at the end of the 19th century. North-west of the property, a modern business park with high-quality office, service and commercial units was built on a total area of around 85 hectares north and south of Theodorstrasse. Particularly the convenient transport location at the junction of the A44 and A52 autobahns and the immediate proximity to Dusseldorf International Airport, to the new ICE railway station D-airport and to the trade fair ground make this commercial location interesting for many investors and tenants.

The site is located south-east of the business park Theodorstrasse and north of the district centre of Rath. The property is very conveniently situated for transport. The railway station Dusseldorf-Rath can be reached in a few minutes on foot and there is a connection to the A52 and A44 autobahns via the Rath autobahn approach.

The property consists of three building structures. These are all industrial shed buildings with storey heights of ca. 8 m, with attached office areas. The shed building areas have delivery facilities with various ramps and roller-shutter doors. The two to three-storey office areas have separate entrance areas. The facades, depending on the building, consist of exposed aggregate concrete slabs (concrete slabs with gravel surface) and lacquered sheet metal elements. The roof surfaces were replaced in the last few years. Only the replacement of the roof area of the smallest building (Building D) is still outstanding. The condition of the buildings is appropriate for their age. The shed buildings have air heating but are not equipped with sprinkler or fire alarm systems. Along the inner access road and against the buildings there are parking spaces. A part of Building A/B (west property) has been equipped by the tenant with expensive security and air conditioning engineering because of its use as a computer centre.

Lessee	Lease end date	Leased area (m²)
Kintetsu World Express (Deutschland) GmbH	31 Dec 2017	9,960.90

4.7 *Pinkertweg 20 (Hamburg, Germany)*

Billbrook is a district south-east of the City Centre of Hamburg. It is situated in the district of Hamburg-Mitte. Billbrook formerly was a marshland on the edge of the "Urstromtal" of the Elbe. The river Bille borders the district in the north. Today Billbrook is dominated by commercial uses, just two little residences are located by Billbrookdeich in the north-east and on the edge of Andreas-Meyer-/Halskestrasse in the south.

The property is located in the docklands of Billbrook. The open area is used as parking spaces for the employees. The surrounding area is characterized by commercial and industrial use.

The property consists of 3 logistic and 2 office buildings and a repair shop. The office building number 1 is a six-storey building with a two storey extension. The second building is a four-storey construction. All buildings have a flat roof. Each of the office buildings has a gas central heating.

Lessee	Lease end date	Leased area (m²)
Apex GmbH Internationale Spedition	28 Feb 2019	15,126.18

4.8 *Potsdam, Trebbinerstr. 36 (Potsdam, Germany)*

The property is located in the district Drewitz. Drewitz is located in the south-east of Potsdam.

The property is located in the west of the district Drewitz. The distance to the core of the city is approx. 7.9 kilometres. The traffic accessibility is very good. The motorway A115 borders to the district in the east and can be accessed by a motorway junction 1.2 kilometres away. The connection to public transportation is very good. A bus stop is located in walking distance. The local train station Potsdam-Rehbrücke can be accessed in 3.6 kilometres. The surroundings are mostly used for agriculture.

The property in Potsdam, Trebbiner Strasse, is a logistics complex, consisting of 4 halls with different size and a three-storey office building. The halls are built from concrete pre-fab elements with a flat roof. The office building and the two large halls are used by the tenant himself. The two smaller halls are sub-let. Overall the property is in an average condition, taking its age into account.

Lessee	Lease end date	Leased area (m²)
Horst Lehmann Getränke GmbH	20 July 2022	24,789

4.9 *Lilienthalstraße 1 (Lüneburg, Germany)*

In the north, the administrative district Lüneburg is bordering to the federal states Schleswig-Holstein and Mecklenburg-Western Pomerania. The neighbour districts are Harburg, Soltau-Fallingb., Uelzen, Luchow-Dannenberg, Herzogtum Lauenburg and Ludwigslust. Due to the good connections to the national motor way and train system, Lüneburg is an attractive commercial location. The city consists of the following city districts: Altstadt, Bockelsberg, Ebensberg, Goseburg-Zeltberg, Hacklingen, Kaltenmoor, Kreideberg, Lune-Moorfeld, Mittelfeld, Neu Hagen, Ochtmissen, Oedeme, Rettmer, Rotes Feld, Schützenplatz, Weststadt and Wilschenbruch, Juttkenmoor, Klosterkamp, Bulows Kamp.

The property is located in the commercial area "Industriegebiet Hafen", in the east outskirts of Lüneburg. The area was formally used as airfield. The local companies benefit from the near access to the motor way A250 and the close harbour of Lüneburg, which is situated on the left bank of the Elbe Lateral Canal. The surrounding area is characterized by manufacturing and warehouses.

The property consists of 3 logistic buildings and an office extension on building 1. The buildings are single-floor constructions. There is an open area of 21,000 sqm on the south of the property for expansion.

Lessee	Lease end date	Leased area (m²)
Deerberg Versand GmbH	31 Dec 2021	15,119.78

4.10 *Determeyer Straße 66 (Gütersloh, Germany)*

The property is located in the south-east of the district Spexard. Spexard is located in the south-east of Gütersloh. The distance to the core of the city is approx. 5.2 kilometres. The traffic accessibility is very good. The motorway A2 borders to the district in the south and can be accessed by a motorway junction 0.7 kilometres away. The connection to public transportation is good. A bus stop is located in front of the property. The local train station Gütersloh Hbf can be accessed in 5.6 kilometres. The surroundings are mostly used for commercial and agriculture.

The property in Gütersloh, Determeyerstr., is a logistics building rented by arvato digital services GmbH. It is a detached building which consists of 3 logistic halls and an office building with 2 storeys. The property was erected in several phases between 1977 and 1989.

The façade has a metal structural cladding, the halls have skylights and several ramps on three sides of the property. The property has a gas heating system and a sprinkler system. Overall the property is in an average condition. The façade has some damages (corrosion and damages due to trucks). Most of the skylights have been renewed as a result of hail damage. The permeable paving in front of the ramps has damages because of the high weight of the trucks.

Lessee	Lease end date	Leased area (m ²)
arvato digital services GmbH	31 January 2017	19,753

4.11 *Windmühlenweg 12, 12 a (Hof, Germany)*

Hof is divided into 26 districts. The property is located in the district Innenstadt. This district is situated next to Altstadt. The property is located in the city district Innenstadt. The surrounding area is characterized by office, commercial and residential buildings. There is good traffic accessibility by car, very good accessibility by public transport.

The property is a 5-storey office building, consisting of 2 parts of the building. The building was constructed in 1960 and refurbished in 1993. The second building was constructed in 2000. There are 230 parking spaces on the site and in an underground carpark. The property makes a good overall impression.

Lessee	Lease end date	Leased area (m ²)
Fondsdepot Bank GmbH	31 Dec 2017 special termination right of tenant to 31 Dec 2015	4,208.16 plus 5,522.21

5 Details of Material Properties

5.1 *Rahmhofstraße 2-4 (Frankfurt, Germany)*

The city centre is located in the central city district of Frankfurt am Main. The district stretched in the north and east around the district Altstadt. Further districts are in the west of Innenstadt (Bahnhofsviertel), in north west (Westend), in the north (Nordend) and in the east (Ostend). In the south, the district is confined of the river Main. Opposite is located the district of Sachsenhausen. In contrast to the parks are the skyscrapers of the Bankenviertel. In the Innenstadt is located the Zeil, one of the biggest outdoor malls in Germany.

The property is located in the city centre close to the shopping promenade Zeil. The surrounding area is characterized by retail use. Additionally, there are hotels, cinemas and gastronomy units located nearby. The main road Borsenstrasse is reachable in a few minutes and there are also the city train and the metro are in the ambiance.

The property consists of an office building with a shopping arcade on the ground floor. The building is a seven- storey construction with two basement stories. The facade is classified as historical monument to the streets and has a glass facade to the back.

5.2 *Mendelssohnstr. 15 (Hamburg, Germany)*

The sub-district Bahrenfeld lying in the west of Hamburg is part of the district Altona and was incorporated in 1938. In 1923 the company Reemtsma relocated its cigarette production into the then Prussian Altona-Bahrenfeld. From 1930 onwards British-American Tobacco also produced in Bahrenfeld. After the departure of BAT the factory area was converted to Westend Village, a comfortable residential location. Since the opening of the A7 autobahn in the 1970s Bahrenfeld has been cut into two pieces however and its centre has thus disappeared.

The property is located in the Hamburg district Ottensen. In the direct neighbourhood there are various modernised commercial properties around Otto-von-Bahren-Park which have been adapted for new uses. These include for example hotels (GastWerk, 25Hours), a restaurant, a health and fitness studio and also offices and residential units. The whole of the surrounding area has been in a positive state of transition for some time already, which can also be seen from the very good letting situation.

The property is a former commercial complex laid out in the shape of a horseshoe. The buildings are of different heights (between 1 and 5 storeys), clad with red brickwork and accommodating tenant units of different kinds. In addition to loft-type office units there are also storage areas and wholesale areas (sanitary wholesale). The fitting-out of the different tenant units has been undertaken in some cases by the tenants in accordance with their individual requirements. Besides simple large areas there are also areas with very high-quality finishes. Because of the building structure considerable flexibility in fitting-out is possible. The individual buildings have flat roofs with welded bitumen membrane coverings and all of them have their own access cores with staircases and in some cases lifts / goods lifts. The inner courtyard is used mainly for parking. The whole property makes a very well cared-for impression.

5.3 *Westerbachstr. 47 (Frankfurt, Germany)*

Rodelheim is a district of Frankfurt am Main and lies in the north-west of the city. The district is known for peaceful small-town life outside the city centre. A landmark of Rodelheim is the Rodelheim water tower built in 1899. On Eschborner Landstrasse is Europe's largest IT centre and since 2003 the headquarters of German air traffic control.

The property is located on the south-eastern edge of Frankfurt-Rodelheim in a triangle formed by the roads Westerbachstrasse – Strubbergstrasse - In der Aue. To the west and north there are some commercial businesses. The rest of the surrounding area consists mainly of residential developments. Road transport access can be considered average.

The property is a former head office and production operation, consisting of several buildings with one and five storeys. The building structure is divided mainly around 2 inner courtyards which are separated from each other by a central building. In the inner courtyards there are parking spaces. The individual buildings are used for different purposes. In one part of the space there are offices. These have been fitted out in accordance with the tenant's requirements. In some areas common sanitary facilities exist for different users. Some of the space is used as service and production space. The production space can be found on the ground floor of the long building on the eastern side and in the low buildings on the rear (south) part of the site. The individual buildings are accessed via various staircases and (goods) lifts installed partly at the front. Particularly for the production space there are also loading ramps. The facades consist of painted masonry blockwork. The technical and visual condition is satisfactory.

5.4 *Osterfeldstr. 12-14 (Hamburg, Germany)*

The property is located in the sub-district Eppendorf. Eppendorf is one of thirteen quarters in the Hamburg-Nord borough of Hamburg, Germany, and lies north of the Aussenalster. It is a sub-district of Hamburg in the district Hamburg-Nord (north-west of the Aussenalster) and became a favourite suburb in the 19th century for wealthy citizens from Hamburg, who built their country houses there. The district Hamburg-Nord borders on the federal state Schleswig-Holstein in the north.

The property is located in the district Hamburg-Lokstedt, on Osterfeldstrasse, which is a main traffic road. Immediately adjacent to the north and west there are commercial properties and some large area retail units. On the opposite side of the road, high-quality and modern office space has been built. Overall there has been a positive development of the location over the whole of the surrounding area.

The property is an office and commercial complex consisting of three buildings. The individual buildings were put up in the 1960s, 1970s and after 2000 respectively. On the road there is first a 5-storey office building (Building 1). This is built in solid construction and has a flat roof. At an angle next to it on the eastern boundary of the site there is a single-storey warehouse building (Building 3), which is used by an electrical wholesaler. Behind this and lying across the site there is a 5-storey office building (Building 2) with an additional staggered storey. The basement enjoys natural day-lighting in places. These areas have their own ventilation system. On the rear part of the site there are ca. 160 parking spaces. The office buildings have been modernised and have aluminium windows with insulating double glazing and external sunshades, and each of them has several access cores. Building 1 also has a goods lift (carrying capacity 3 tonnes). Because of the form of construction a flexible room layout

is possible, as is also the splitting of the individual storeys into several tenant units. The individual tenant units are fitted out differently according to their differing tenant requirements.

5.5 *Waldstr. 66-76 (Dietzenbach, Germany)*

The property is located in the Dietzenbach district Steinberg. Steinberg consists essentially of a residential area west of the railway line and the trading estate Nord, east of the railway line. In the centre is the Steinberg shopping centre. Steinberg has a population of just under 12,000 people.

The property is located on the eastern edge of Dietzenbach. In the surrounding area there are several logistics buildings. The road transport access can be described as good. The nearest autobahn access point can be found ca. 9.2 km away.

The property consists of 3 buildings which form a business park with office, service and warehouse space. The office areas to the different shed buildings have 2 storeys. Access is provided by several entrances with staircases and through roller-shutter doors, loading ramps and docking gates with the warehouse space. In some places the warehouse and service space is directly accessible from the office units. The clear height of the shed building space is ca. 6.8 m. The façade of the buildings consists of painted concrete pre-cast slabs, the windows are of aluminium with double glazing. In the office areas there are floor ducts with floor socket outlet boxes for cabling. At the entrance into the business park and next to the individual buildings there are parking spaces. The buildings make a technically and visually good impression on the whole. Because of the age of the buildings some repair works will be necessary in the next few years to the technical building services and the façade.

5.6 *Kaiserstr. 25 (Saarbrücken, Germany)*

Kaiserstrasse was considered earlier as a prime (1A) location for shopping and office space. Now retail trading is concentrated on Bahnhofstrasse, which runs parallel to Kaiserstrasse. Even as an office location Kaiserstrasse has lost some of its attractiveness. Locations in business parks developed outside the city (e.g. Saarterrassen, IT-Park Saarland), and locations with good connections to the motorway network are considered to be better commercial locations. The retail trading in the immediate vicinity of the property fears a further moving away of customer traffic in the direction of the north after the opening of the Europagalérie in October 2010. Kaiserstrasse continues to function well however as a location for the banking and insurance sector.

The property stands in a city-centre location in Saarbrücken, at the junction between Kaiserstrasse and Karcherstrasse. Directly opposite there is a tram stop and the distance to the pedestrian precinct is about 400m.

The property is a commercial building from the 1970s with 5 full storeys and a staggered storey. To this must be added a basement with storage space and a basement car park with 42 car parking spaces. The building was originally built for a bank as a head office building. This can be seen still today from the ground floor extension, which was and is used for the banking hall and also from some internal access by means of stairs between the floors outside the actual access cores. On the ground floor there are a bank branch office and two retail businesses. The upper floors are used as offices. The specification of the office space is suitable for its purpose. Because of the building structure it is difficult to let in small units. The basement car park is used partly by customers of the bank and is thus not sufficiently available for the office space. The façade consists of light-coloured concrete elements, the windows are of aluminium with double glazing.

5.7 *Kohfurth 15 (Norderstedt, Germany)*

The property is located on the trading estate Kohfurth in the north of Norderstedt, within the borders of the former town Garstedt. According to information from the municipality the district, which has been used until now for commercial uses, is to be developed as a residential area. The existing commercial businesses will have their existing set-up exempted from new regulations and the new establishment of companies will not be permitted. In the zoning plan the area is therefore shown at present as a mixed-use area.

The surrounding area is characterised by residential development, some commercial businesses and the retail space necessary to supply them. Directly adjacent to the property

there is a recently built Aldi discounter. In summary these items can be described as a local daily shopping centre.

The property was built in several phases of construction and consists of different kinds of buildings. The main components are a single-storey retail area (Building 1) with an attached 3-storey office building (Building 2) and a separate 4-storey office building (Building 3). The retail area (Building 1) was expanded recently in order to enlarge the premises of the Edeka store and others established there. Further tenants in this building are a pharmacy, a KIK store and a pet food store (Futterhaus). Building 2 is used as a rehabilitation centre with medical facilities. Through a connecting corridor on the 1st floor there is also an upper storey area above Futterhaus. The space in Building 3 is used completely by a gambling establishment. In front of the Edeka store there are parking spaces. The facades of Building 1 and 2 are rendered and painted, Building 3 has a metal façade. All buildings have flat roofs with welded bitumen membrane coverings. The whole complex has a central gas heating plant which supplies all tenant units except for the Edeka store. With the exception of minor maintenance works the whole property makes a well-cared for impression.

5.8 *Rosensteinstr. Mediaforum (Stuttgart, Germany)*

Rosensteinstrasse is located in a quarter north of Stuttgart's main railway station, which was developed in the 1990s. The quarter lies between the Prague Cemetery and the railway tracks along the Unterer Schlossgarten (lower castle gardens). The quarter on Rosensteinstrasse is of average quality as an office location. The developments expected as part of the major project Stuttgart 21 in the immediate neighbourhood should have an effect on the site. For example the Rosenstein quarter is to be built in the direct vicinity of the property. A new connection to the regional S-Bahn (city express railway) network is to be created above the underground railway station Mitnachtstrasse. It is to be expected that the quarter on Rosensteinstrasse will move closer to the city centre from the edge of the city centre as a result of these town planning developments.

The property is located directly at the south end of Rosensteinstrasse in a newly developed office and service quarter. In the immediate neighbourhood are more offices and the building occupied by the Labour Agency. On the ground floor space of the neighbouring buildings there are retail and gastronomy businesses. In the rear part of the building there are not only offices but also a cinema. The connection to public local transport is guaranteed through the U-Bahn (underground railway) stations Milchhof and Mitnachtstrasse, which are a short walk away.

The property is a modern 6-storey office building put up in 1997 with a basement car park containing ca. 75 parking spaces. On the ground floor there are gastronomy areas. The property has the shape of a "U" and encloses a large cinema (Multiplex, UFA) lying behind it. The façade is of granite slabs, the windows are of aluminium with insulating double glazing and external sunshades, the roof is a flat roof. The fitting-out of the office space corresponds to an average standard with carpeted floors, light-weight construction walls and cable trunking under the window sills. Access to the building is provided via 2 staircase cores which each have lifts. Because of the width of the building and the two access cores a letting in small units is only possible to a small extent. The property is a modern 6-storey office building put up in 1997 with a basement car park containing ca. 75 parking spaces. On the ground floor there are gastronomy areas. The property has the shape of a "U" and encloses a large cinema (Multiplex, UFA) lying behind it. The façade is of granite slabs, the windows are of aluminium with insulating double glazing and external sunshades, the roof is a flat roof. The fitting out of the office space corresponds to an average standard with carpeted floors, light-weight construction walls and cable trunking under the window sills. Access to the building is provided via 2 staircase cores which each have lifts. Because of the width of the building and the two access cores a letting in small units is only possible to a small extent.

5.9 *Friedrichstr. 231 (Berlin, Germany)*

Friedrichstadt was an independent suburb of Berlin created in 1688, which was incorporated into Berlin in 1710 and until 1920 was an official district of Berlin. Friedrichstadt was laid out south of Dorotheenstadt and south-west of the suburb Friedrichswerder and thus also south-west of the two towns Berlin and Cölln. Today the northern part of Friedrichstadt lies in the Berlin district Mitte and the southern part, in which the property is located, in the

district Friedrichshain-Kreuzberg. Whereas the northern part of Friedrichstrasse has become established as the commercial centre of Berlin-Mitte, its attractiveness as an office location becomes less towards the southern end of the road.

The property is located at the southern end of Friedrichstrasse, around 300 metres from Mehringplatz and is thus located in the district Friedrichshain-Kreuzberg. The surroundings comprise a heterogeneous mix of residential and commercial development. On the opposite site of the road is a gardening centre.

The property consists of a 4/5-storey building with inner courtyards and an open area used as a car park behind the building. Access to the parking spaces and the individual entrances is provided through a passageway along the southern boundary of the site. The building has several entrance areas (in the area of the inner courtyards and of the front building), from which the leased premises can be accessed. The leased premises and the access areas are in good condition. In some places (particularly the front building) the fitting-out of the common areas is of high quality.

6 Details of Material Leases

6.1 *Heidenauer Str. 26 (Berlin, Germany)*

Lessee	Lease end date	Leased area (m ²)
VC Vitalclub Management GmbH & Co. Hellersdorf KG	31 December 2024	4352

6.2 *Daimlerstr. 2 (Aschersleben, Germany)*

Lessee	Lease end date	Leased area (m ²)
toom Baumarkt GmbH	31 March 2014	5,100.99

6.3 *Weinteichstr. 3 (Markkleeberg, Germany)*

Lessee	Lease end date	Leased area (m ²)
Continental Reifen Deutschland GmbH	30 September 2014 (contemplated by the Company, subject to written form risk)	5,671

6.4 *Wildenbruchplatz. 7 (Gelsenkirchen, Germany)*

Lessee	Lease end date	Leased area (m ²)
Stadt Gelsenkirchen	31 March 2016	3,434

6.5 *Am Ochsenplatz. 17 (Worms, Germany)*

Lessee	Lease end date	Leased area (m ²)
EDEKA Handelsgesellschaft Südwest mbH	30 June 2016 (as per the lease agreement), but the Company informed this lease was terminated by EDEKA and the Company has brought a lawsuit against it.	3,970

6.6 ***Rudolf-Diesel-Str. 1 (Seesen, Germany)***

Lessee	Lease end date	Leased area (m²)
Rudolph Logistik GmbH	30 June 2016, but special termination right of tenant with 12 months' notice	9,842 (plus additional mounting surface of 5,943 rent free)

6.7 ***Beindersheimer Str. 79 (Frankenthal, Germany)***

Lessee	Lease end date	Leased area (m²)
Wendt SIT GmbH & Co. KG	31 December 2017	8,163

6.8 ***Im Schleeke. 115/116 (Goslar, Germany)***

Lessee	Lease end date	Leased area (m²)
Trinks GmbH	31 July 2014	14,113

PART IV

RISK FACTORS

An investment in the Ordinary Shares involves a high degree of risk. Therefore, prior to investing in the Ordinary Shares, prospective investors should consider carefully the risks associated with an investment in the Ordinary Shares, the business and the industry in which the Group operates, together with all other information contained in this document including, especially, the risk factors described below. If any of the following risks actually occur, the Group's business, financial condition, capital resources, results or future operations could be materially adversely affected. Additional risks and uncertainties relating to the Company and its Subsidiaries that are not currently known to the Company, or that the Company currently deems immaterial, may also have a material adverse effect on the business of the Group or on the Group's financial condition and operating results. This, among other factors, could cause a decrease in the price of the Ordinary Shares and investors could lose all or part of their investment. If you are in any doubt about the contents of this document or the action you should take, it is strongly recommended that you consult a professional adviser authorised under the FSMA who specialises in advising on the acquisition of shares and other securities. Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in view of the information in this document, their personal circumstances and the financial resources available to them.

The attention of prospective investors is drawn to the fact that ownership of Ordinary Shares will involve a variety of risks which, if any of them occur, may have a material adverse effect on the Group's business, financial condition, results or future operations. In such case, the market price of the Ordinary Shares could decline and an investor could lose all or part of his or her investment.

In addition to the information set out in this document, the following risk factors should be considered carefully in evaluating whether to make an investment in the Company. Additionally, there may be risks which the Board is not aware of or believes to be immaterial but which may, in the future, adversely affect the Company's business and the market price of the Ordinary Shares.

Before making a final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt, investors should consult with an independent financial adviser authorised under FSMA who specialises in advising on the acquisition of Ordinary Shares and other securities in the UK.

Prospective investors should be aware that the value of the Ordinary Shares and income from them may decrease as well as increase and that they may not realise their initial investment. In addition, it is possible that the market price of the Ordinary Shares may be less than the underlying net asset value per Ordinary Share.

There can be no guarantee that the Company's investment objectives will be achieved.

1 Risk Relating to the Group's Business

The Group's ability to generate its target dividend yield will depend on its ability to achieve attractive rental yields for the Current Portfolio and to identify and acquire suitable properties and to overcome potentially significant competition in doing so.

The Group's ability to implement its strategy and achieve its desired dividend yield and returns may be limited by its ability to achieve attractive rental yields and to identify and acquire suitable properties at satisfactory yields. In addition, the Group may face significant competition in identifying and acquiring suitable properties from other investors, including competitors who may have greater resources. Competition in the property market may lead to prices for properties identified by the Group as suitable being driven up through competing bids by potential purchasers. Accordingly, the existence and extent of such competition may have a material adverse effect on the Group's ability to acquire properties at satisfactory prices and otherwise on satisfactory terms. Additionally, if increasing competition for properties from public or private buyers causes the Group's volumes to slow, this may lead to a reduction in the number or quality of investment opportunities available to the Group or to a reduction in yield expectations. Should this occur, it is likely to have negative implications for the Company's earnings and dividend yields.

The Group's target dividend yield of 7% is based on certain assumptions the satisfaction of which may not occur

The Group's target dividend yield of 7% is based on certain assumptions including without limitation: (a) all the Group's interest rate swaps in relation to RBS Facilities expire in October 2014; and (b) the Group is able to fully deploy the proceeds of the Placing to acquire properties meeting its key acquisition criteria: a rental yield of approximately 8% pa, gearing of approximately 60% or lower and expected bank debt service costs of approximately 6% pa or less, to achieve cash on cash returns of 11% pa or higher.

While the Group is in the process of negotiating up to €250 million of acquisitions in line with its acquisition strategy and meeting the key acquisition criteria as set out in paragraph 5 of Part II of this document, the Group has not yet entered into any binding commitments to make any acquisitions and the Directors can therefore give no assurance at all that the Group will make any or all of the pipeline acquisitions. If the Group fails to successfully deploy the net proceeds of the Placing, this would have a significant adverse effect on the Group's ability to generate the target dividend yield. In addition, the Company's dividend distribution is subject to market conditions and the Group's future results and liquidity needs which will have a knock-on effect on the target dividend yield. There can be no guarantee as to the amount of any dividend payable by the Company in any given year.

The Group may not be able to refinance its borrowings in the longer term

There can be no assurance that the Group will be able to find lenders in the longer term who are willing to lend on similar terms to those which apply to existing financing arrangements, or at all, upon maturity. An increase in LTV ratio, for example, as a result of declines in property values, would be one factor which could restrict the Group's ability to arrange such financing or refinancing in the longer term. Declines in property values may occur, for example, as a result of prevailing economic conditions stemming from the global economic downturn, decreased demand for commercial and/or government occupied office space, adverse change in retail economic conditions and/or decline in the hotel industry. An increase in the cost, or lack of availability of finance (whether for macroeconomic reasons, such as a lack of liquidity in debt markets or reasons specific to the Group, such as the extent to which it is leveraged and decline in property values, as outlined above), could impact both the ability to progress capital investment opportunities necessary to deliver required rates of return to meet shareholder expectations and the day to day financing (or refinancing) requirements of the Group in the longer term. If, in the longer term, the Group is not able to refinance borrowings as they mature in the longer term and/or the terms of such refinancing are less favourable than the existing terms of borrowing, this may have a material adverse effect on the business, financial condition, results of operations, future prospects of the Group, the price of the Ordinary Shares and the Group's ability to pay dividends.

The Group may be required to refinance its borrowings from time to time. A number of factors (including changes in interest rates, conditions in the banking market and general economic conditions) which are beyond the Group's control may make it difficult for the Group to obtain new finance on satisfactory terms or even at all. The Group's inability to refinance the facilities in respect of the DT12 Portfolio and the Valentine Portfolio in 2012 is one example.

If the Group's borrowings become more expensive, relative to the income it receives from its investments, then the Group's profits will be adversely affected. Adverse changes to the market values of the property portfolio of the Group could also cause the amount of refinancing proceeds to be insufficient to fully repay its existing debt upon maturity and the Group may be unable to fund payment of such shortfall. If the Company is not able to obtain new finance at all then it may suffer a substantial loss as a result of having to dispose of the investments which cannot be re-financed.

The Group will borrow to fund its future growth

The Group will borrow to fund the future acquisition of investments, generally through the use of bank facilities, and will utilise leverage in order to enhance returns to Shareholders. The extent of the borrowings and the terms thereof will depend on the Group's ability to obtain credit facilities on satisfactory terms and the lenders' estimate of the stability of the portfolio's cash flow. Any delay in obtaining or failure to obtain suitable or adequate financing from time to time may impair the Group's ability to invest in suitable properties and achieve its intended portfolio size within the projected timeframe or at all, which may impact negatively on the Company's investment performance and the return on the Ordinary Shares. The structure and specific provisions of any financing arrangements could give rise to additional risk.

The use of borrowings also presents the risk that the Group may be unable to service interest payments and principal repayments or comply with other requirements of its loans, rendering borrowings immediately repayable in whole or in part, together with any attendant cost, and the Group might be forced to sell some of its assets to meet such obligations, with the risk that borrowings will not be able to be refinanced or that the terms of such refinancing may be less favourable than the existing terms of borrowing. For example, a decline in the property market or tenant default may result in a breach of the LTV and/or the debt service cover ratios specified in the Group's banking arrangements, thereby causing an event of default with the result that the lenders could enforce their security and take possession of the underlying properties. Any cross-default provisions could magnify the effect of an individual default and if such a provision were exercised, this could result in a substantial loss for the Group.

Borrowings could adversely affect the Group's net asset value.

The Group's borrowings will generally be secured against some or all of the Group's assets. Whilst the use of borrowings should enhance the net asset value of the Ordinary Shares where the value of the Group's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling, especially if the properties are cross-collateralised (which is the case with the Current Portfolio).

The terms of the Group's financing arrangements and certain other factors could adversely affect the level of the Company's dividends.

The terms of the RBS Facilities and Intercreditor Agreement contain "cash sweep" and "cash trap" provisions allow RBS to withhold all interest payments and principal repayments due to the Group in respect of the B Note if certain interest cover and loan to value covenants are not met in respect of the Z3 Portfolio, the Z6 Portfolio or the Clara Portfolio or in respect of those portfolios combined and to collect such withheld funds to repay the RBS Facilities if the covenants continue not to be met for a certain period of time. If such covenants are not met and RBS exercises these rights, the Group will be unable to access rental income from the Z3 Portfolio, the Z6 Portfolio and/or the Clara Portfolio (as applicable) until the covenants are met and this could impact the Group's ability to repay the Summit Shareholder Loan and consequently Summit's ability to repay the E Debentures, which could lead to a default under the E Debentures and result in the E Debentures, and therefore the Summit Shareholder Loan, becoming immediately repayable, which could adversely affect the Group's financial condition and results of operations.

Commitment to dispose of certain properties to maintain a minimum accumulated sum of the net disposal proceeds could adversely affect the Group

As part of the RBS refinancing arrangements, the Company has committed to dispose of part of its properties so that the accumulated sum of the net disposal proceeds is at least €10 million, €25 million, €50 million, €75 million on 15 January of 2014, 2015, 2016, 2017, respectively, and €100 million on 31 December 2017. Although the Group plans to use its expertise and market knowledge to plan and manage the disposal process to obtain the highest achievable price for each property sold, there remains a risk that the Group may be forced to make one or more disposals that in normal circumstances it would not choose to make at all or would not make on the terms achievable at the time. If the Group is forced to sell any of its properties at materially under its market value, it could adversely affect the Group's business, financial condition and results of operations.

Certain properties of the Group are hereditary building rights and to create encumbrances and disposal of those properties requires the permission of the related land owner

Hereditary building rights (*Erbbaurecht*) grant an ownership right in a building together with the long term right to use, but not to own, the related land. Certain properties of the Group (e.g. a small plot of Wiernsheim and Augsburg, Erkrath and Ludwigshafen and München) have hereditary building rights. The creation of an encumbrance over and/or the disposal of most of those hereditary building rights requires the permission of the related land owners, subject to the related hereditary building right agreement (*Erbbaurechtsvereinbarung*). While this is not uncommon in Germany, such requirement could adversely affect the Group's ability to freely encumber and/or dispose of the building the subject of such hereditary building rights.

Certain properties of the Group are subject to pre-emption rights and the disposal of those properties could be adversely affected by such pre-emption rights

In Germany, it is not uncommon for properties to be subject to pre-emption rights, which means in the event that the owner of such a property concludes a sale and purchase agreement in relation to such property with a third party, the beneficiary of a pre-emption right over such property may buy the property to the conditions agreed between the owner and the third party if the pre-emption right is exercised. While there are generally no legal restrictions on negotiations between the property owner and the third party and the beneficiary of a pre-emption right generally has to accept the terms as agreed between the owner and the third party, this could affect potential purchasers' desire to enter into negotiations and therefore possibly affect the sale ability or sale price of such a property. Certain properties of the Group (e.g. Dietzenbach (Waldstraße 66), Frankenthal, Berlin (K-Witt), Erfurt (Bischleber Straße), Augsburg, Berlin (Kühnemannstraße), Erkrath and Ludwigshafen) are subject to pre-emption rights (which are registered in the land register) and the pre-emption rights could adversely affect the Group's ability to dispose of such properties on the most favourable terms and prices.

Certain properties of the Group provide for easements in favour of tenants

The properties Frankfurt (Rahmhofstraße), Saarbrücken (Kaiserstraße), Gießen, Berlin (K-Witt/ Roedernallee), Markkleeberg, Erfurt (Bischleber Straße) and Bad Bergzabern provide for easements in favour of tenants. While it is not independently verified in relation to the properties of the Group, easements granted in favour of tenants are generally for the same duration as the relevant leases.

Easements can have the effect that even if the lease agreement has been terminated, the tenant is still entitled to use the property because the easement is not affected by the termination. The easement and the lease are normally linked by agreement with the effect that if the tenant terminates the lease, the easement shall be annulled as well. However, it is theoretically possible that a tenant would not comply with the agreement and use the property based on the easement. A landlord would then be entitled to claim use and damage compensation and the annulment of the easement. In general, a judgement might take a few months up to a year, depending on the court involved. Furthermore, if the landlord is insolvent and the property is sold by way of a forced sale or by the insolvency administrator, a new buyer may have the statutory termination rights. In such a case, the lease could be terminated but the easement would survive and give the tenant the right to use the property. If this occurs, it could increase the Group's management costs of the leases and reduce the rental income and could adversely affect the Group's business, financial condition and results of operations.

Certain properties of the Group are subject to public easements and additional protection

Some of the properties (e.g. Berlin (Oudenarder Str. 16), Frankfurt (Rahmhofstr.), Köln (Gladbacher Wall), Hamburg (Kieler Str/Kronsaalweg), Berlin (K-Witt), Hamburg (Pinkertweg), Hamburg (Osterfeldstraße), Stuttgart (Rosensteinstraße)) of the Group are subject to public easements benefiting other properties. Furthermore, certain properties (e.g. Berlin (Oudenarder Str. 16), Frankfurt (Rahmhofstr.), Köln (Gladbacher Wall)) are categorised as listed buildings and therefore their alteration or conversion will be subject to approval. The properties Berlin (Friedrichstraße) and Potsdam (Trebbiner Straße) are close to listed buildings and could therefore fall under the protection which could lead e.g. to limitations of alterations.

The Group is subject to interest rate risk.

Changes in interest rates may increase the Group's cost of borrowing, impacting on its profitability and having an adverse effect on the Company's ability to pay dividends to Shareholders.

While the Group may enter into hedging transactions for the purposes of efficient portfolio management to protect its portfolio from interest rate fluctuations and has done so in relation to the acquired portfolio, the Group may bear a level of interest rate risk that could otherwise be hedged if the Directors believe, based on all relevant facts, that bearing such risks is advisable. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political conditions, and other factors beyond the Group's control. Interest rate increases could result in the Group's interest expense exceeding the income from its property portfolio, which may result in operating losses for the Group. In the extreme, a high level of gearing may lead to a complete loss of the value of Shareholders' investment in the Company.

The Group engages in hedging activities that could expose it to losses markets move against the Group's hedged position.

The Group is exposed to the effect of changes in interest rates. Members of the Group use derivative instruments to hedge their exposure to changes in interest rates. Whilst the use of such derivative instruments helps reduce the Group's exposure to fluctuations in interest rates, the Group foregoes the potential benefits that might result from favourable fluctuations in interest rates. In addition, such hedging activities expose the Group to the risk that markets move against the Group's hedged position and the risk of default by the counterparties to these transactions. Despite the Group's use of derivative instruments, there can be no assurance that the Group will be adequately protected from future changes in interest rates.

Lender concentration risk may adversely affect the Group.

RBS is the lender of the Group's majority borrowings. If RBS encounters financial difficulties or fails in syndicating its loans (either due to the general economy or to company-specific issues) or change its strategy, or scale back its operations for its property lending business in Germany, it may decide not to renew the RBS Facilities and the Group would then be required to refinance its borrowings with another lender. Furthermore, RBS may refuse to renew or grant further loans to the Group. A number of factors beyond the Group's control may make it difficult for the Group to obtain such new or alternative finance on satisfactory terms or at all. If the Group's borrowings become more expensive, relative to the income it receives from its property portfolio, the Group's profits will be adversely affected. If the Group is unable to obtain new or alternative finance, it might suffer a substantial loss as a result of having to dispose of those investments which cannot be refinanced. In addition, should the Group be in dispute (formal or otherwise) with the bank in relation to any properties, this may have a negative effect on the value of the portfolio.

A relatively large proportion of the Group's rental income is concentrated in a relatively small proportion of the Group's properties

The Group's 10 most significant properties by rental income account for approximately 43% of the Group's rental income and the Group's top 10 leases account for approximately 25% of the Group's rental income. This means that the Group is exposed to a certain degree of concentration risk in relation to these key properties and external factors that could negatively affect any of these properties, such as changes in local market conditions, could have a disproportionate and material adverse effect on the Group and its financial position and performance and results of operations.

Tenant defaults could result in a significant reduction in rental revenues and cause the Group to incur other associated costs.

Tenant defaults could result in a significant reduction in rental revenues, which could require the Group to contribute additional capital or obtain alternative financing to meet obligations under any financing arrangements relating to such properties. Although the Group generally seeks to obtain deposits from tenants and holds monthly collection meetings to assess rent collection status, the Group does not have a formal ongoing credit monitoring process, which may mean that a deterioration in a tenant's credit worthiness is not identified in a timely fashion, which could lead to a loss of rental income due to tenant default.

In addition, the costs and time involved in enforcing rights under the lease with a defaulting tenant, including eviction and re-leasing costs, may be significant. The financial stability of tenants may change over time. Any downgrading of tenants' credit ratings or adverse change in their financial conditions may negatively impact the value of the property in which such tenants lease space.

The Group's borrowings are subject to cross-collateralisation.

The Group's financing arrangements in respect of the RBS Facilities provide for recourse to the collateral of the Z3 Portfolio, the Z6 Portfolio and the Clara Portfolio. Therefore, all the properties comprised in those portfolios are all given collectively as security for the RBS Facilities. Where the income generated by one of the collateral properties is insufficient to maintain the payments under any of the RBS Facilities or material damage occurs to one of the properties or there is any other event of default occurring in relation to any of these properties, the lender may enforce its security against all of the properties. Such a disposal may not be made at market value and thus may not be sufficient to repay all the monies still outstanding under the RBS Facilities. This may cause the

Group to suffer a loss and, in the worst case cause the Group to lose a substantial portion of its assets, and thus be unable to pay dividends or return capital to its Shareholders.

The Group has granted security in relation to the E Debentures

The Group has provided security in relation to the E Debentures which were issued by Summit. If the financial covenants given by Summit in favour of the Debenture Security Trustee are not met, or if the rating in relation to the E Debentures is reduced from the current A3 rating, then a penalty interest rate of up to an additional 1% on the amount outstanding on the E Debentures at the time may apply. If Summit defaults on its payment of interest or repayment of principal obligations, the E Debentures may become immediately repayable. These events could result in the loan from Summit to the Company either attracting a higher interest rate or becoming immediately repayable. If either of these situations were to occur, then the Company's ability to repay sums to Summit and/or to pay dividends to Shareholders will be severely impaired.

There are covenants in respect of the E Debentures which relate to matters outside the control of the Group and which may affect the Group

There are covenants in respect of the E Debentures which relate to matters outside the control of the Group and which, if breached, could result in the E Debentures becoming immediately repayable, which in turn could cause the Summit Shareholder Loan to become immediately repayable. The Company does not currently have sufficient cash resources or other liquid securities with which to repay the full amount of the Summit Shareholder Loan. These covenants include (i) that Mr Levy shall not cease to control Summit (and for such purposes control shall have the meaning given to it in the Israeli Securities Law 1968), (ii) that there shall be no merger of Summit other than as permitted by, and in accordance with, the terms of the B Note or E Debenture, (iii) that Summit's net assets shall be at least €65 million, and (iv) that Summit's gearing ratio (Summit's total equity plus swap liabilities as a percentage of total assets) shall be at least 15%. Mr Levy has undertaken in the Relationship Agreement for the term of the Relationship Agreement or until the E Debentures have been repaid in full (whichever is earlier) not to permit a change of control or merger that would cause a breach of the covenants in (i) or (ii). In addition, to mitigate the likelihood that the covenants identified in (iii) and (iv) shall be breached, Summit has undertaken in the Relationship Agreement for the period until the earlier of 24 months from Admission and the repayment in full of the E Debentures that it will not acquire, and will procure that no member of the Group shall acquire, any property or properties (whether directly or indirectly) with a net asset value in excess of €100 million without the prior written consent of the Company. If any of the covenants are breached notwithstanding these undertakings and/or are breached after the expiry of any of these undertakings (which, in the case of undertakings (iii) and (iv) in particular expire at the latest 24 months from Admission) and the Company is required to repay in full the Summit Shareholder Loan, then the Company's ability to pay dividends to Shareholders could be severely impaired, the Group may not have sufficient cash to make acquisitions in the future to grow its portfolio of assets and the Group's financial condition and results of operations could be adversely affected.

Release of cash flows from the Assigned Accounts depends on the cooperation of the Debenture Security Trustee

Under the terms of the Cash Account Assignment granted in connection with the E Debentures, the Debenture Security Trustee has signing rights over the Assigned Accounts. Funds are only able to be released from these accounts to, ultimately, the Company where certain financial covenants are met, as certified by an independent CPA (which is currently Deloitte LLP), at the request of Summit and with the consent of the Debenture Security Trustee. While the Debenture Security Trustee is obliged to give its consent where the relevant financial covenants are met, if the Debenture Security Trustee disagrees with the CPA or otherwise refuses to release the relevant cash in the Assigned Accounts, the Company's ability to repay sums to Summit and/or to pay dividends to Shareholders will be severely impaired.

The Group may not complete its acquisition opportunities.

The Group has identified a number of acquisition opportunities described in paragraph 5 of Part II of this document. These acquisitions are yet to occur and there can be no guarantee that the Group will complete these acquisitions on satisfactory terms or at all. In addition, there can be no guarantee that funds will be available, or at all, to complete these acquisitions. If the pipeline

acquisitions are not made or the acquisitions do not meet the Group's key acquisition criteria, then the Group may be unable to meet its medium term target dividend yield of 7%.

A deterioration of the Group's relationships with its tenants may adversely affect the Group.

The Group's properties are leased to multiple tenants with no dependency on particular tenants. However, due to the nature of the Group's business, maintaining positive relationships with its tenants (particularly the tenants with large rental income contribution) is of great importance of the business of the Group. A deterioration of the Group's relationships with the significant tenants could have an adverse effect on the Group's financial position.

On the renewal of the leases, the Group may not be able to negotiate as favourable terms as in its current leases.

The Current Portfolio properties are currently leased on long-term leases for the German market to well-established corporate or governmental tenants. The weighted average unexpired term in relation to these leases is approximately 4.4 years. Some of the current leases may have been entered into on favourable terms for the Group. There is no guarantee that on expiry of the current leases, the Group will be able to secure more favourable or even equivalent terms.

Approximately 15% of the Group's leases expire in 2014 and a further 20% expire in 2015. These leases will either need to be renewed with the existing tenant or new tenants will need to be found and new leases entered into. Although the Group has in the past consistently achieved lease renewal rates of over 100% (i.e., lease renewals and new leases have exceeded lease expiries), there is a risk that leases may not be renewed and/or new leases may not be entered into. Further, rentals achieved on renewals of existing leases have historically been marginally lower than on the existing lease terms, resulting in marginally lower rental income for the Group. If the Group's leases are not renewed when they expire and/or new tenants are not found and/or the terms of lease renewals or new leases entered into are less favourable than the existing terms, then this could reduce the Group's rental income and could adversely affect the Group's business, financial condition and results of operations.

The Group's ability to generate its desired returns will also depend on its ability to lease its properties to appropriate tenants on satisfactory terms and to dispose of properties on appropriate terms.

The Group's ability to implement its strategy and achieve its desired returns may be limited by its ability to lease its properties to appropriate tenants on satisfactory terms, and to dispose of them on appropriate terms. Revenue earned from, and the value of, properties held by the Group may be adversely affected by a number of factors, including:

- (a) vacancies that lead to reduced occupancy rates which would reduce the Group's revenue and its ability to recover certain operating costs such as local taxes and service charges and would result in it incurring additional expenses until the property is re-let, including legal and surveying fees and marketing costs;
- (b) the Group's ability to obtain adequate management, maintenance or insurance services on commercial terms or at all;
- (c) the Group's ability to collect rent and service charge payments from tenants and other contractual payments under real estate outsourcing contracts, on a timely basis or at all;
- (d) tenants seeking the protection of bankruptcy laws which could result in delays in receipt of rental and other contractual payments, inability to collect such payments at all or the termination of a tenant's lease, all of which could hinder or delay the sale of a property;
- (e) the amount of rent and the terms on which lease renewals and new leases are agreed being less favourable than current leases;
- (f) the amount of rents may not be agreed at estimated rental values;
- (g) a competitive rental market which may affect rental levels or occupancy levels at the Group's properties; and
- (h) changes in laws and governmental regulations in relation to real estate, including those governing permitted and planning usage, taxes and government charges. Such changes may lead to an increase in management expenses or unforeseen capital expenditure to

ensure compliance. Rights related to particular properties may also be restricted by legislative actions, such as revisions to existing laws or the enactment of new laws.

The Group's financial results may be affected by the extent to which it is able to integrate further portfolio acquisitions into the Current Portfolio successfully.

Part of the Group's strategy is the acquisition of further property portfolios. The extent to which it is able successfully to integrate such portfolios within its business and thereby achieve resulting economies of scale may have an impact on its future financial performance.

The Group's properties may face competition.

The Group faces competition from other owners, operators and developers of commercial properties. Substantially all of the Group's properties face competition from similar properties in the same markets. Such competition may affect its ability to attract and retain tenants and reduce the rents the Group is able to charge. These competing properties may have vacancy rates higher than the Group's properties, which may result in their owners being willing to make space available at lower rental rates than the space in the Group's properties. The competition could adversely affect the Group's business, financial condition and results of operations.

Tax deductibility of the management fees paid by the Group members may face challenges from the relevant tax authorities and may need to be adjusted.

Certain Group members have been the subject of a tax audit for the years 2008 to 2010 and a final settlement agreement was signed in October 2013 between such Group members and the relevant German tax authorities, which provides that the final settlement shall be binding for all parties involved until the expiry of the relevant management agreement (until 2016). While this provides a degree of certainty in terms of the tax deductibility of the management fees for the specified period, there remains a possibility that the management fees paid by the Group members to SMC or other related parties for the services provided may face further challenges from the relevant tax authorities and may need to be adjusted for the purposes of the deductibility against their profits. This could adversely affect the Group's business, financial condition and results of operations.

The Group relies on certain key personnel

The Group's success depends to a significant extent upon the abilities and experience of the Group's executive officers and certain other key property management personnel, whose continued service may not be guaranteed. The departure of one or more key executives or other key personnel of the Group could have a material and adverse effect on the Group's business, results of operations, financial condition and prospects. In the event that key personnel choose not to remain with the Group, there is a risk that these key personnel may participate in a competing business. The Group's ability to recruit, motivate and retain personnel will be important to its development and there can be no assurance that the Group will be able to do so given the market in which the Group operates. As a consequence, any failure of the Group to attract, hire or retain suitable employees could have a material adverse effect on the Company's business, financial condition and results of operations. The Group does not keep key-man insurance for key personnel.

The Group may be subject to increases in operating and other expenses.

The Group's operating and other expenses could increase without a corresponding increase in turnover or tenant reimbursements of operating and other costs. Factors which could increase operating and other expenses include:

- (a) increases in the rate of inflation and currency fluctuation;
- (b) increases in property taxes and other statutory charges;
- (c) changes in laws, regulations or government policies (including those relating to health and safety and environmental compliance) which increase the costs of compliance with such laws, regulations or policies;
- (d) increases in insurance premiums;
- (e) unforeseen increases in the costs to the Group of maintaining properties; and
- (f) unforeseen capital expenditure may arise as a result of defects affecting the properties which need to be rectified, failure to perform by sub-contractors or increases in operating costs.

The Group may take on mismatched lease liabilities and obligations.

The Group may in future acquire lease liabilities and obligations in connection with future acquisitions. The Group's earnings may be adversely affected to the extent that the Group is not able to manage mismatches between its liabilities and obligations and the corresponding liabilities and obligations of the Group's tenants.

Unfavourable economic conditions in Germany could adversely affect the Group's results of operations.

The German economy is currently in a phase of moderate growth. The external economic environment is having a dampening effect; the adjustment processes for tackling the financial crisis in the eurozone are continuing, and the speed of development in the emerging economies has considerably weakened. In contrast, domestic drivers of growth in Germany have stabilised. However, if the German economy should stagnate, the Group's performance may be subject to adverse effects both in terms of rental values that can be achieved in future and the capital value of the property portfolio.

Furthermore, approximately 13 per cent. of the Current Portfolio (by Net Annual Rent) is located in former East Germany, which generally has higher unemployment rates and lower rent levels and property values as compared to former West Germany. Currently, the German government provides federal funds to aid the economy of former East Germany. If the German government ceases these payments, this may have an adverse effect on the economic climate in former East Germany and negatively affect both the rental values the Group receives following their existing lease periods from the Current Portfolio and any other properties which it acquires in former East Germany and the resale value of such properties.

The Current Portfolio is spread throughout Germany.

The fact that the Current Portfolio is spread widely across Germany may result in increases in management costs as the management is required to travel farther and more often to inspect the properties and arrange for their maintenance. It may become necessary as the investment portfolio expands to employ more personnel or instruct further third party service providers for the day-to-day management of the Group's properties. This may adversely affect the income generated by the Group's properties as the increased maintenance costs are deducted thus leading to a decrease in the distributable profits available for dividend payments.

Non-availability of electronic business systems or failure of data security could damage the Group's ability to conduct its business and might lead to claims against the Group

The Group's ability to conduct its business efficiently is based to a significant extent on the availability of its electronic systems, including financial management and communication facilities. The Group has security systems and data and hardware back-up arrangements in place, which the Directors consider to be appropriate to the Group's size and operational complexity. However, in the event that the Group's electronic systems, or any one of them, were to be disabled or could not be accessed, the Group could suffer business disruption and loss of data. If the Group's data security systems were to fail to prevent unauthorised access or if data from the Group's systems were to be transmitted without authority or in an uncontrolled manner, this could lead to intervention by regulatory authorities, legal action by affected persons or corporations and/or reputational damage. Any such situation could have an adverse effect on the Group's business, operational profit and prospects.

Reputational risk

The Company may also be subject to reputational risk from adverse publicity associated with particular properties or tenants.

2 Risks Relating to Investing in Real Estate**Property valuation is inherently subjective and uncertain.**

The valuation of property and property-related assets is inherently subjective. As a result, valuations are subject to uncertainty. Moreover, all property valuations, including the Valuation Report in Part IX of this document, are made on the basis of assumptions which may not prove to reflect the true position. There is no assurance that the valuations of the properties and property-related assets will reflect actual sale prices even where any such sales occur shortly after the relevant valuation date.

Real estate investments are relatively illiquid.

Properties such as those in which the Group intends to invest are relatively illiquid. Such illiquidity may affect the Group's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion and at satisfactory prices in response to changes in the economy, real estate market or other relevant conditions, or the exercise by tenants of their contractual rights such as those which enable them to vacate properties occupied by them prior to, or at, the expiry of the originally agreed term. This could have an adverse effect on the Group's financial condition and results of operations, with a consequential adverse effect on the market value of the Ordinary Shares or on the Company's ability to make distributions to Shareholders. The value of any property portfolio may fluctuate as a result of factors outside the owner's control.

Property investments are subject to varying degrees of risks. Rents and values are affected by changing demand for commercial real estate, changes in general economic conditions, changing supply with a particular area of competing space and the attractiveness of real estate relative to other investment choices. The value of any property portfolio may also fluctuate as a result of other factors outside the owner's control, such as changes in regulatory requirements and applicable laws (including in relation to taxation and planning), political conditions, the condition of financial markets, the financial condition of lessees, potentially adverse tax consequences, interest and inflation rate fluctuations and higher accounting and control expenses. The Group's operating performance would be likely to be adversely affected by a downturn in the property market in terms of capital and/or rental values.

The Group may incur environmental liabilities.

The Group may be liable for the costs of removal, investigation or remediation of hazardous or toxic substances such as polychlorinated biphenyls, heavy metals and hydrocarbons, or unexploded military ordinance and other kinds of substances that have a negative impact on the environment (air, water/ground-water and soil) located on or in a property it owns or leases, regardless of the source of such contamination. Under German law, in particular the Federal Soil Protection Act (Bundesbodenschutzgesetz, BBodSchG) stipulates joint liability of the polluter, the current owner of the property, the person in control of the property and under certain circumstances the person that, under commercial or corporate law, is responsible for the entity that owns the property (irrespective of whether these persons caused the pollution or not) and the former owner as far as he knew or ought to have known about the contamination. The competent authorities may require any of these persons to decontaminate the premises, regardless of their actual responsibility for the contamination or their financial situation. The polluter will in addition have to compensate any of the other responsible persons for the costs incurred for a removal, investigation or remediation measures. It is not yet clarified by the Federal Courts, whether a person who is not the polluter may also be subject to such recourse claim by other responsible persons (except for the polluter).

The costs of any required removal, investigation, remediation or disposal of such substances may be substantial. The presence in the soil, air, water and ground-water of the buildings of such substances, or the failure to remediate such substances properly, may also adversely affect the Group's ability to sell or lease the real estate or to borrow using the real estate as security. Laws and regulations, as these may be amended over time, may also impose liability for the release of certain materials into the air or water from a real estate investment, including asbestos and R22 as a cooling substance, and such release can form the basis for liability to third persons for personal injury or other damages. Other laws and regulations can limit the development of, and impose liability for, the disturbance of wetlands or the habitats of threatened or endangered species.

The Company is aware of investigations being undertaken by the authorities for possible contamination in relation to properties adjoining the Berlin (Hauptstraße) property. According to the official notification of the Berlin senate administration dated 29 December 2010, soil analyses in the years 2007, 2008 and 2010 have shown that the ground and ground-water is contaminated with Chlorbenzole, Chlornitrobenzole and Chloraniline. In this respect the competent authority ordered a number of decontamination measures to be taken. The competent authority declared that the work has to be carried out by a third party in the meantime. A letter by the responsible Senate Departments dated 24 April 2013 confirms that the preliminary cost estimation for the decontamination now amount to approximately €3 million. However, according to advice received by the Company, the owner and the competent authority are still negotiating to limit responsibility with respect to the costs. Therefore, and as the measures have not been completed, the costs involved cannot be assessed. Depending on the final liability, this could have a significant adverse

effect on the Group's business, financial condition and results of operations. The Company has included in its financial statements a €3 million provision for such cleaning measures.

Some of the Company's building permits are not completely documented.

The building permits for some of the buildings on the properties comprising the Current Portfolio are not completely documented or exist at all. Incomplete building permit documentation could have under German law adverse consequences. As far as the actual status of the properties and in particular their use was in line with existing permits and the applicable law, the properties and their use were protected against potential limitations of their use (Bestandsschutz). However if the present status and use of the properties were not compliant with the applicable law, in particular if the factual situation was not completely covered by permits, no such protection exists.

Even if the status and use of the permit were in line the legal provisions, the mere fact of gaps of the permits may partially or completely entitle the authorities to interdict the use of the property as far as it was not covered by the required permit (so called "formal illegality").

If the property was in line with the applicable law and in particular with the zoning and planning requirements gaps of the required building permit may be granted. However, even if the new permits were granted, the use of the property may be limited. This may cause expenditure and losses for the owner even if the required issues were issued.

To the extent that status and use of the property were not in line with the applicable law, in particular in the case that planning and zoning law has changed (so called "material illegality"), the missing permits will not be granted. In the case of such material illegality there is no protection against limitation in the use of the property. To the extent of the formal and material illegality even a partial or complete demolition of the existing structures may be required by the authorities.

If and to what extent the authorities may react on a formal and/or material illegality is up to their discretion. However, even if the authorities do not react on a formal / material illegality this may become an issue in the case of an intended exit.

As far as no documentation is available (e.g. for Hamburg Mendelssohnweg) or the documentation is rudimentary, the risks involved cannot be assessed. The worst case scenario would result in formal and material illegality of the related building, which would have a significant adverse effect on the value of the properties concerned and therefore could have a negative effect on the financial condition of the Group.

The Group's investment portfolio is concentrated in a single country.

Given that the Group operates exclusively in Germany, it is more heavily dependent on the well-being of the German economy than internationally diversified businesses. Factors such as interest rates, the availability of finance, inflation, investor sentiment, consumer demand, volatility within financial markets and changes in German regulatory requirements and applicable laws (including in relation to taxation and planning), could have a negative effect on the Group's business and prospects.

In particular, any economic downturn may have an adverse effect on the businesses of the Group's tenants, with a potential adverse effect on the Group's property income stream and occupancy levels. It may also have a negative impact on German real estate values, which may in turn require the Group to write down its own asset values.

The Group may suffer material losses in excess of insurance proceeds.

The Group's properties could suffer physical damage caused by fire or other causes, resulting in losses (including loss of rent) which may not be fully compensated by insurance. In addition, there are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods, hurricanes, terrorism or acts of war, that may be uninsurable or are not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations, and other factors, including terrorism or acts of war, also might result in insurance proceeds being insufficient to repair or replace a property if it is damaged or destroyed. Under such circumstances, the insurance proceeds may be inadequate to restore the Group's economic position with respect to the affected real estate. Should an uninsured loss or a loss in excess of insured limits occur, the Group could lose capital invested in the affected property as well as anticipated future revenue from that property. In addition, the Group could be liable to repair damage caused by uninsured

risks. The Group would also remain liable for any debt or other financial obligation related to that property. Indeed, material damage to a property, which has or will have a material adverse effect on the Group taking into account the amount and timing of receipt of the proceeds of insurance, is an event of default under the financing arrangements in respect of RBS Facilities and could lead to an acceleration of the payment of any monies outstanding under such arrangements and enforcement by the lenders of their security against the property. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future.

The Group may be subject to liability following the acquisition of and disposal of investments.

The Group may dispose of investments in certain circumstances and may be required to give representations and warranties about those investments and to pay damages to the extent that any such representations or warranties turn out to be inaccurate. The Group may become involved in disputes or litigation concerning such representations and warranties and may be required to make payments to third parties as a result of such disputes or litigation. In addition, the Group may also be subject to historic liabilities following the acquisition of investments which are either not covered by representations or warranties of the seller or which cannot be legally or economically enforced. This might be applicable not only in cases of the share acquisitions but may also be relevant to certain taxes applicable to sellers in cases of asset deals which are specific to German tax law. If the Group does not have cash available to conduct such litigation or make such payments, it may be required to borrow funds. Any such payments and borrowings to finance those payments could have an adverse impact on the Group's ability to pay dividends. In addition, if the Group is unable to borrow funds to make such payments, it may be forced to sell investments to obtain funds. There can be no assurance that any such sales could be effected on satisfactory terms.

On-going European trend of shorter occupational leases could adversely affect the Group

Shorter occupational leases have been an on-going trend across European property markets for several years and passive management has been surpassed by the need for active asset management to maximise portfolio returns by, among other matters, actively seeking more frequent lease renewals. While the Company believes the Group is appropriately staffed to manage the Group's properties and has the structural capability to cope with the Group's €1 billion portfolio target, if the trend of shorter occupational leases continues and the term of leases becomes even shorter in the future, the Company would, as a result of that, have to employ more personnel to manage the properties and leases and thus increase its operating costs. If this occurs, it could adversely affect the Group's business, financial condition and results of operations.

German legal requirements may impose additional obligations on the Group.

German law requires contractual provisions to be drawn up in a way which satisfies certain legal requirements as to the legal form and notarisation of them for that obligation to be enforceable. While there remains certain uncertainties on the interpretation of "written form" protection clauses, if any member of the Group fails to comply with such formal requirements, or if any of the leases are considered to form part of a series of general terms and conditions, certain tenants that would otherwise be bound by a long lease term could have a right to terminate the lease early or argue that provisions imposed upon them are invalid. If a counterparty to one of the Group's leases to successfully argue such a claim, this could have an adverse effect on the rents received by the Group.

The end of the term of certain leases is unclear

The end of term of certain material leases is unclear, such as Continental (Markkleeberg) and Edeka (Worms). The Edeka-lease has been terminated by the tenant prior to the end of term (30 June 2016)) and whether or not the termination was rightful and whether or not the tenant has to pay outstanding rent and additional losses of the landlord is subject to a current court proceeding.

While the Company is not aware of any dispute in relation to the term of the lease of Markkleeberg, the term of such lease is unclear. Such lease commenced with "handover" of the lease object (probably at some point in 1994) and there is no sufficient information to determine the exact term of the lease. One of the consequences of an unclear term is that there is a written form issue. However, as the Company contemplated that the lease will end on 30 September 2014, the risk of an early termination is negligible. Another consequence of an unclear term is that the parties have different opinions as of when the term really ends – e.g. a tenant may think that it could leave a

few months earlier or use the lease object a few months longer which might be detrimental to the Company depending on the conditions of the rental market.

Changes to the legal and regulatory framework relating to the German real estate market could have an adverse effect on the Group's financial position

The legal framework relating to property ownership, use and development is subject to change over time. Such changes may involve amendments to the planning environment, building regulations, health, safety and welfare rules, environmental issues and the taxation of property interests. It is possible that such changes may have a retrospective impact on plans the Group already has in hand. Such changes may increase the cost of undertaking changes to properties or the continued occupation of them, and so may have an adverse impact on the Group's financial position.

3 Risks Relating to SMC

There is a risk that the Portfolio Management Agreement may be terminated for reasons beyond the control of the Company

SMC may terminate the Portfolio Management Agreement with immediate effect if any member of the Group commits a material unremedied breach of the agreement or is the subject of an insolvency event or change of control or if the Group sells all or substantially all its properties. In the event that SMC terminates the agreement in such circumstances, it may require any entity nominated by the Company to buy its special shares in SFL in accordance with the provisions of the SFL Articles summarised in paragraph 14.3 of this Part X and the Company shall procure that such entity will agree to do so. SMC has agreed to waive this right in circumstances where the Portfolio Management Agreement has been terminated due to a change of control or due to the Company serving notice to terminate such agreement pursuant to the terms of the Portfolio Management Agreement summarised in paragraph 14.1 of this Part X.

Part of the Group's function will be dependent on SMC.

SMC is responsible for providing certain public company services and advisory services to the Group, including the services of the Group's Managing Director and Finance Director, Zohar Levy and Sharon Marckado Erez on the terms set out in the Portfolio Management Agreement, a summary of which is set out in paragraph 14.1 of Part X of this document. SMC has the right to resign its appointment and terminate the Portfolio Management Agreement at the end of the term (being the date falling on the third anniversary of Admission unless terminated earlier), or in case of breach by the Group, in accordance with the notice provisions described in paragraph 14.1 of Part X of this document. If SMC resigns its appointment, the Group is subject to the risk that no suitable replacement will be found which, in particular, can provide the services of the Group's Managing Director and/or Finance Director. In addition, given the services provided by SMC, the Company believes that the Group's success depends to a significant extent upon the experience of the members of SMC's team and, in particular, the continued involvement of Zohar Levy as Managing Director. While SMC is obliged to procure the provision of services of the Managing Director and the Finance Director, the continued service of the current individuals is not guaranteed if the Portfolio Management Agreement is terminated in accordance with its terms or due to such individuals not being able to provide services for health reasons or otherwise. Furthermore, the terms of the Portfolio Management Agreement entitle SMC to replace these individuals with replacements who are acceptable to the Company. No key-man insurance has been put in place for such individuals. The departure of one or several members of SMC's team, including Zohar Levy or Sharon Marckado Erez may have an adverse effect on the performance of the Group.

SMC's personnel's other client relationships may give rise to conflicts of interest.

SMC's personnel and those providing services to it may manage investment vehicles of other clients, which may lead to conflicts of interest. While SMC is obliged to procure the services of the Managing Director and the Finance Director are provided in accordance with the terms set out in the Portfolio Management Agreement (which includes their time commitment), they may from time to time allocate some of their attention to other investment vehicles than to the Group, possibly to the detriment of the Group. In addition, certain investments appropriate for the Company may also be appropriate for one or more other investment vehicles managed or serviced by SMC and SMC may decide to allocate a particular investment to another investment vehicle rather than to the Company. However, the Company has a right of first refusal in relation to opportunities identified by SMC and, if the Board declines such opportunities, SMC will be entitled to invest in

such opportunities at its own risk or offer them to third parties on terms which are not materially more favourable than those offered to the Group.

The Company may be liable for not complying with regulatory rules and be subject to adverse publicity if SMC fails to deliver the public company services properly.

SMC is providing certain public company services to the Company which enables the Company to comply with applicable laws and regulatory rules including AIM Rules for Companies. If SMC fails to deliver such services properly, the Company will itself be liable for not complying with such regulatory rules and will be subject to adverse publicity.

4 Risks Relating to the Group's Structure

The Company may be unable to make dividend payments.

All dividends or other distributions will be made at the discretion of the Directors. The payment of any dividend will depend upon a number of factors, including the Group's operating results and financial condition, the successful management of the Group's properties, the yields on properties, interest costs, performance on contracts and profits on sale of properties, legal and regulatory restrictions and such other factors as the Directors may consider relevant from time to time. In addition, the payment of dividends may also be blocked by the Group's lenders, if there is an event of default or certain maintenance reserves have not been built up. The Company's ability to pay dividends may be restricted as a matter of applicable law or regulation, including to the extent that proposed dividends are not covered by income in the relevant period from underlying investments. There is no guarantee that any expected dividends will be paid or that dividend growth will be achieved.

Because the Company is primarily a holding company, its ability to pay dividends depends upon the ability of its Subsidiaries to pay dividends and to advance funds.

As the Company conducts business primarily through its Subsidiaries, its ability to pay dividends to shareholders depends on the earnings and cash flow of its Subsidiaries and their ability to pay the Company dividends and to advance funds to it. Other contractual and legal restrictions applicable to the Company's Subsidiaries could also limit its ability to obtain cash from them. Its rights to participate in any distribution of its Subsidiaries' assets upon their liquidation, reorganisation or insolvency would generally be subject to prior claims of the Subsidiaries' creditors, including any trade creditors and preferred shareholders.

Changes to the tax residency of the Company and other members of the Group or changes to the treatment of intra-group management and financing arrangements could adversely affect the Company's financial and operating results.

In order to maintain the tax residence of each member of the Group in its jurisdiction of incorporation, such companies are required to be controlled and managed in those jurisdictions and continued attention must be paid to ensure that major decisions are not made in other territories. As such, management errors could potentially lead to a member of the Group being subject to tax in other jurisdictions, which would negatively affect its financial and operating results and returns to Shareholders.

In order for the Group to maintain its tax efficiency, continued attention must be paid to ensure that all relevant conditions are satisfied in all the jurisdictions in which the Group operates to avail itself of the benefits of, for example, double tax treaties, EU Directives, local country requirements and the required residence of companies in the Group.

There is a risk that amounts paid or received under intra-group management and financing arrangements in the past and/or the future could be deemed for tax purposes to be lower or higher, as the case may be, which may increase the Group's taxable income or decrease the amount of losses available to the Group with a consequential negative effect on its financial and operating results and its ability to pay dividends to Shareholders.

Any change in the tax status of any member of the Group or in taxation legislation, treaties or regulations in Guernsey, Gibraltar, Luxembourg, Germany, Switzerland and Israel or any country where any Group member has assets or operations could affect the value of the assets held by the Group or affect the Company's ability to achieve its investment objective or provide favourable returns to Shareholders. Any such change could also adversely affect the net amount of any dividends payable to Shareholders.

The application of the German limited trade tax exemption may change or cease to be available to the Group

In particular, the Group relies on the limited trade tax exemption for property holding companies for the non-applicability of German trade tax for its German property investments in order to benefit from an attractive effective tax rate. Although the prerequisites of such trade tax exemption are explicitly defined in the German trade tax law and the Group will endeavour to strictly adhere to this, any failure in meeting such requirements or any changes in the tax law or its interpretation in jurisdiction may have adverse effects to the Group's overall effective tax rate and to the cash available for repatriation and ultimate dividend payments to the shareholders.

Transfer pricing rules may lead to potential adjustment of provisions made between connected persons

In common with other multinational groups, it is open to the fiscal authorities of the relevant jurisdictions to invoke transfer pricing rules to adjust provisions made between connected persons within the Group and/or Summit Group if the actual provisions are different to the provisions that would be made in the absence of a connection. There are also tax penalties where companies have not kept documentation justifying the provisions which have been made which are potentially subject to the transfer pricing rules. While the Directors believe the interest rates employed by the Group are at arm's length, there remains a risk that the fiscal authorities of the relevant jurisdictions may use transfer pricing or equivalent tax provisions to challenge pricing between connected persons. If this occurs and they are successful, it could adversely affect the Company's and the Group's financial and operating results.

Direct or indirect change in the shareholding of the Company may lead to its losses carried forward being forfeited in certain circumstances

Under Germany law, losses carried forward of a company - either for corporate income tax, trade tax, interest and with regard to special limited deductible losses resulting from a partnership with limited liability, may be forfeited in the following circumstances: (a) one shareholder or a group of shareholders with similar interests acquires (directly or indirectly) more than 25 per cent. but not more than 50 per cent. of the company within a period of five years. In such a case, the losses carried forward will be cancelled in the proportion of the transferred shares (e.g. acquisition of 30 per cent. of the shares will lead to the forfeiture of 30 per cent. of the losses carried forward); and (b) one shareholder or a group of shareholders with similar interests acquires (directly or indirectly) more than 50 per cent. of the company within a period of five years. In such a case, the losses carried forward are forfeited in full, and the losses carried forward and the losses of the current tax year up to the date of the harmful change of shareholding cannot be used.

While the Directors believe the Placing should not have any impact on the losses carried forward of the Group's German property-owning companies or partnerships on the basis that no single person or entity (or a group of persons or entities with similar interest) would acquire 25 per cent. of the shares in the Company post Admission, there remains a risk that, if post Admission, one person or entity (or a group of persons or entities with similar interests) acquires shares in the Company which breach the above mentioned threshold percentage, the losses carried forward may be forfeited. If this occurs, it may have significant adverse effect on the operation and financial condition of the Group. Under the AIM Rules and the DTRs, while the Company is required to disclose to the market (upon receiving the necessary information from the shareholders) its shareholders' shareholdings when the holdings reach, exceed or fall below certain thresholds, it is not obliged to disclose to the market when 25 per cent. of its shares are acquired by a person or entity (or a group of persons or entities with similar interests).

Changes in tax laws or their interpretation could affect the Group's financial condition or prospects and the level of dividends that the Company is able to pay.

Relief from taxation available to companies in the Group (or the non-applicability of taxation to such company) may not be in accordance with the assumptions made by the Company and/or may change. Changes to the tax laws or practice in Guernsey, Germany, Luxembourg or Gibraltar or any other tax jurisdiction affecting the Group could be relevant, in addition to changes in the UK, Switzerland or Israel. Such changes could affect the tax residence of companies in the Group, the type of tax payable, the deductibility of interest expenses or other costs, the value of the investments held by the Company or affect the Company's ability to achieve its investment

objectives or alter the post-tax returns to Shareholders. The level of dividends that the Company is able to pay may also be adversely affected. Any taxation relief referred to in this document as being available or potentially available to Shareholders is that currently available, or potentially available, and its value depends on the individual circumstances of Shareholders.

The holding company structure for the Group's real estate interests means that the tax basis cost of certain of the Group's properties will be lower than their acquisition cost, which may have an adverse effect on the value realised upon disposal of those properties.

Most of the Group's real estate is likely to be held through property holding companies acquired from the sellers of the properties. It is the intention of the Group, wherever possible, to dispose of the property holding companies rather than the real estate itself. If the Group were to dispose of the direct real estate interests held by those companies, rather than the companies themselves (whether as a result of the enforcement of any security by a bank or otherwise), the tax base cost for calculation of the capital gains generated on disposal of the real estate may be lower than the price paid by the Group for the property holding company. This would increase the capital gains tax liability for the Group on the disposal. There may be situations where, in order to dispose of a property, the Group is required to sell the underlying real estate rather than the holding company, thereby increasing its capital gains tax exposure.

The basis on which the current income tax exemption status of the Company (including its Guernsey subsidiaries) is granted for the purposes of the Exempt Bodies Ordinance may change, in which case it may no longer qualify for exemption status and may therefore be regarded as resident for tax purposes in Guernsey and be liable to tax in Guernsey.

As confirmed by the Guernsey Director of Income Tax on 3 January 2014, the Company (including its Guernsey subsidiaries) currently qualifies for income tax exemption for the purposes of the Exempt Bodies Ordinance, pursuant to which the Company is regarded as not resident in Guernsey for Guernsey tax purposes and has been certified as being exempt from income tax in Guernsey in respect of income from sources outside Guernsey. While the Company intends to maintain its current exemption status, it may no longer qualify for and be granted exemption status under the Exempt Bodies Ordinance (whether by choice or because it is no longer eligible to apply for exemption status or for any other reason such as change in law), in which case the Company may become resident in Guernsey for Guernsey tax purposes and be subject to tax in Guernsey on its direct income (wherever such income may arise or accrue). At present, it is anticipated that, if the Company were to cease to be exempt under the Exempt Bodies Ordinance, the applicable rate of tax in Guernsey would be zero, but this would need to be reviewed at the time that the Company's tax status may change and whether a change in the applicable rate applies to all or part of the Company's income. Accordingly, if the Company is no longer granted exemption status and the applicable rate of tax in Guernsey is higher than zero, this could adversely affect the Company's and the Group's financial and operating results.

There is a risk that the Company may be required to be authorised as a collective investment scheme and regulated under the POI Law

Under the current POI Law and as confirmed by the GFSC's approval letter dated 21 January 2014 in relation to the Company's application for revocation of its investment scheme status, the Company is not currently subject to regulation under the POI Law and the Company is not authorised and regulated as a collective investment scheme under the POI Law. While it is the Company's intention to maintain this position for so long as it satisfies the Company's objectives to do so, this position may change due to the change and/or interpretation of the applicable law and/or other reasons. If this occurs, the Company will be subject to additional regulatory obligations which may result in, among others, an increase of the administrative costs of the Company.

There is a risk that the Company may be required to be authorised as a regulated AIF under the AIFMD

Under current applicable law, including the AIFMD, the Directors do not believe that the Company will need to be authorised as a regulated AIF within the meaning of the AIFMD. However, there is a risk that the Company may be required to be authorised as a regulated AIF in the UK under the AIFMD if the Company is categorised as an investing company (whether by choice or for any other reason such as change in law). This could result, among other things, in the Company becoming

subject to the additional regulatory requirements which could materially restrict the Company in terms of its investment activities and operation and performance and may significantly impair the Company's ability to achieve its business objectives.

The Company may in the future issue new Ordinary Shares, which may dilute Shareholders' equity

If the Company elects to obtain funding by way of further equity financing or uses further equity offerings or consideration in the form of equity to finance the growth of its portfolio, this would dilute the Company's existing Shareholders' shareholdings and could have an adverse effect on the market price of the Ordinary Shares as a whole. The Companies Law does not provide for pre-emptive rights in respect of equity offerings of a Guernsey company to its existing shareholders. While the Company's Articles provides for limited pre-emptive rights in respect of issue of new Ordinary Shares to existing Shareholders, the Company has the authority under the Articles to issue equity securities on a non pre-emptive basis provided that the aggregate value of such securities amounts to 10% or less of the total net asset value of the Company.

The rights of Shareholders and the fiduciary duties owed by the Board to the Company will be governed by Guernsey law and the Articles which may differ from the rights and duties owed to companies under the laws of other countries.

The Company is a non-cellular company limited by shares that has been incorporated and registered under the laws of Guernsey. The rights of its Shareholders and the fiduciary duties that the Board owes to the Company are governed by Guernsey law and the Articles. As a result, the rights of its Shareholders and the fiduciary duties that are owed to them and the Company may differ in material respects from the rights and duties that would be applicable if the Company was organised under the laws of a different jurisdiction.

The residence of the Company and its Directors may make it more difficult to enforce any judgment in the UK.

The Company is incorporated in Guernsey, the majority of its Directors and the Company's senior management are non-residents of the UK and none of its assets, or few of the assets of those persons, are located in the UK. Therefore, it may be difficult to enforce a judgment obtained in the UK against the Company or any of these persons.

5 Risks Relating to the Ordinary Shares

An investment in an AIM-listed company may entail a higher degree of risk than a company listed on the Main Market.

The Ordinary Shares will be admitted to trading on AIM rather than on the Main Market. The AIM Rules are less demanding than those of the Main Market and the Listing Rules and an investment in securities admitted to trading on AIM may carry a higher risk than an investment in securities admitted to trading on the Main Market. AIM has been in existence since June 1995, but its future success and liquidity in the market for the Company's securities cannot be guaranteed. Investors should be aware that the value of the Ordinary Shares may be volatile, may go down as well as up, and that investors may therefore not recover their original investment.

The market price of the Ordinary Shares may fluctuate widely in response to different factors.

The market price of the Ordinary Shares may not wholly or mainly reflect the value of the underlying investments of the Company, but may also be subject to wide fluctuations in response to many factors (some of which are beyond the Company's control), including variations in the operating results of the Group, divergence in financial results from stock market expectations, changes in earnings estimates by analysts, a perception that other market sectors may have higher growth prospects, general economic conditions, legislative changes in the Company's sector and other events and factors outside the Company's control. The market value of an Ordinary Share may vary considerably from its underlying net asset value.

In addition, stock markets have from time to time experienced extreme price and volume volatility which, in addition to general economic and political conditions, could adversely affect the market price for the Ordinary Shares. To optimise returns, investors may need to hold the Ordinary Shares on a long-term basis and they may not be suitable for short-term investment. Admission should

not be taken as implying that there will be a liquid market for the Ordinary Shares. There is no guarantee that an active market will develop or be sustained after Admission. If an active trading market is not developed or maintained, the liquidity and trading price of the Shares could be adversely affected. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Placing Price. The value of Ordinary Shares may go down as well as up and the market price of the Ordinary Shares may not reflect the underlying value of the Group's investments.

The Group may require further capital funding in the future that may dilute the Company's shareholders' equity and negatively impact the Group's operating activities.

The Group's capital requirements depend on a number of factors. If its capital requirements vary materially from its current plans, the Group may require further financing. There are no provisions in Guernsey law which confer pre-emption rights upon existing Shareholders and any additional equity financing may be dilutive to its Shareholders. Further, any debt financing, if available, may involve additional restrictions on financing and operating activities and distributions to Shareholders. In addition, there can be no assurance that the Group will be able to raise additional funds when needed or that such funds will be available on terms favourable to the Group. If the Group is unable to obtain additional financing as needed, the Group may be required to alter its strategic plans and reduce the scope of any expansion.

Future sales of the Ordinary Shares in the open market could cause the share price to fall.

The Company is unable to predict whether substantial amounts of Ordinary Shares will be sold in the open market following termination of the lock-in arrangements as set out in the Placing Agreement (the terms of which are summarised in paragraph 16.1 of Part X of this document) and the Relationship Agreement (the terms of which are summarised in paragraph 16.2 of Part X of this document). Any sales of substantial amounts of Ordinary Shares in the open market, or the perception that such sales might occur, could materially and adversely affect the market price of the Ordinary Shares.

PART V

DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE

1 Board

- 1.1 The Board currently comprises two Executive Directors and three independent Non-Executive Directors. Details of the Directors are set out below:

Harry Abraham Hyman (57) - Independent Non-Executive Chairman

- 1.2 Harry Hyman has over twenty years' experience in fund management and investment in the healthcare and real estate sectors. In 1996 he founded Primary Health Properties PLC, a real estate investment trust listed on the London Stock Exchange with a property portfolio of over £940 million in the primary healthcare sector, and remains a Managing Director to date. From 2008 to 2010, Harry was the Chairman of the Israel-Britain Business Council, a private sector driven body of approximately 60 business leaders in Israel and the UK who serve as high level trade and investment ambassadors for their respective countries. Prior to founding Primary Health Properties PLC, Harry was Finance Director of Baltic from 1983 to 1994 and has been a non-executive director of a number of investment companies, including Royal London UK Income & Equity Trust PLC. Harry graduated from Christ's College, Cambridge in 1978 with a double first in Geography. He trained at Price Waterhouse as a Trainee Accountant from 1979 to 1983 before qualifying as a Chartered Accountant. He currently holds professional memberships with the Association of Corporate Treasurers, the Corporate Finance Faculty, and is a Fellow of the Institute of Chartered Accountants in England & Wales.

Zohar Levy (46) Executive Director - Managing Director

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

Sharon Marckado Erez (42) Executive Director - Finance Director

- 1.4 Sharon Marckado Erez, CPA, is the Finance Manager of the Company since its incorporation. Sharon joined Summit Group 7 years ago in which she established the group reporting, treasury procedures, internal control and supported all financing affairs of the growing activity of the Group. Until March 2006, she was the corporate controller of the Danone Springs of Eden Group in Switzerland for three years. Previously she was a senior manager auditor in Ernst & Young for six years. Sharon graduated in Accounting and Business Management studies at the College for Management Academic Studies and achieved a CPA qualification in extraordinary excellence. She is currently a resident of Switzerland.

Quentin Spicer (69) - Independent Non-Executive Director

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

Timothy Gordon Parkes (48) - Independent Non-Executive Director

- 1.6 Tim Parkes has over 25 years' experience in financial services with 15 years' experience in offshore and international markets. Tim Parkes is currently director of strategy and business development at Carey Group and has held positions in a number of fund management, property and private equity companies in the past including a German Property fund, Landericus Limited, a Middle Eastern Infrastructure Fund and a major London commercial property redevelopment. With a career spanning seventeen years at Barclays, from August 2002 to March 2007, Tim Parkes was the managing director of a major offshore and international banking business at Barclays Wealth. Tim Parkes graduated from St Paul's and St Mary's College in 1986 with a BSc (Hons) in Geography and Geology. Tim subsequently achieved a Diploma in Marketing from the Chartered Institute of Marketing in 1988, and a Diploma in Company Direction from the Institute of Directors in 2010. Tim Parkes is a Member of the Institute of Directors.

2 Key Personnel

- 2.1 The members of the management team of SMC, including Zohar Levy and Sharon Marckado Erez (see above for their biographies), have considerable experience in the German real estate investment market and they will be providing services to the Company in accordance with the terms of the Portfolio Management Agreement.
- 2.2 The members of the management team of DRESTATE (which is a member of the Group) have considerable experience in the German real estate investment market and property management. The key members of the management team are:

Amir Sagy, a CPA, is a director of DRE, the parent of DRESTATE which is currently managing the Current Portfolio. He is also the Chief Executive Officer of the Summit Group. Amir joined the Summit Group in 2005 as its Chief Financial Officer and has had an active role in the Summit Group's business development over the past nine years. Prior to joining Summit, Amir was the Chief Financial Officer of the European hotel division of Elscint Ltd., a part of the Elbit Imaging Group, one of the leading real-estate developers in Central and Eastern Europe. Amir worked at KPMG for 3 years as a senior auditor. He graduated in Accounting and Economic studies at Haifa University and is based in Summit's Haifa office managing Summit's activity there.

Boaz Rozen is the Head of Asset and Property Management for the Summit Group's portfolio and the Chief Executive Officer of Deutsche Real Estate. Boaz joined the Summit Group in 2007 as the head of the Project and Development Department and was in charge of marketing activity. Boaz has 20 years professional experience in the planning, implementation and management of construction projects. He holds a B.Sc. in Civil Engineering after graduating in Civil Engineering studies at the Technion Israel Institute of Technology in Israel, specialising in construction and project planning. Boaz is a German speaker and is based in Frankfurt, managing Summit's activity in Germany from the Berlin and Frankfurt offices.

Thomas Luber, a senior asset manager and architect, is the Head of Assets in Berlin & East Germany. Thomas has 15 years professional experience in the management of real estate properties, and construction and technical projects. While working for Goldman Sachs as a senior asset manager, he was responsible for a five billion Euro portfolio. Thomas graduated in Architecture studies at the University of Applied Sciences in Regensburg. He lives in Berlin and works at the Summit Group's office there.

Raphael Rehrborn, a senior asset manager and architect, is the Head of Assets in West Germany. Raphael has 10 years professional experience in the management of real estate properties. He previously worked at Corestate Capital AG as a transaction manager, and at CR Investment Management as a senior asset manager. Several years earlier, he worked as a managing director and asset manager and was responsible for a commercial real estate portfolio. Raphael graduated in Architecture Engineering studies at the Philipp Holtzmann College in Frankfurt am Main. Raphael lives in the suburbs of Frankfurt and works at the Summit Group's offices there.

3 Corporate Governance

- 3.1 **General:** The Board comprises two Executive Directors and three independent Non-Executive Directors. The Directors recognise the importance of sound corporate governance commensurate with the size and nature of the Company and the interests of its Shareholders. The Directors intend to comply with the QCA Corporate Governance Code, which includes a code of best practice for AIM companies. The Corporate Governance Code does not apply to companies quoted on AIM.
- 3.2 **Audit Committee:** The audit committee comprises three independent Non-Executive Directors and will meet (following Admission) at least two times each year. The audit committee is chaired by Harry Hyman and the other members are Quentin Spicer and Tim Parkes. The audit committee must consider, amongst other matters: (i) the integrity of the financial statements of the Company, including its annual and interim accounts and the effectiveness of the Company's internal controls and risk management systems; (ii) auditors' reports; and (iii) the terms of appointment and remuneration of the auditor. The committee supervises and monitors, and advises the Board on, risk management and control systems and the implementation of codes of conduct. In addition, the audit committee supervises the submission by the Company of financial information and a number of other audit-related issues.
- 3.3 **Remuneration and Nomination Committee:** The remuneration and nomination committee comprises three Directors and will meet (following Admission) at least once a year and at other times as the chairman of the committee shall require. The remuneration and nomination committee is chaired by Quentin Spicer and the other members are Harry Hyman and Zohar Levy. The remuneration and nomination committee has as its remit, amongst other matters, the determination and review of the remuneration of the Executive Directors and the terms of any performance, incentive or bonus plans of the Group, review of the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board (having regard to the provisions of the QCA Corporate Governance Code), recommendations to the Board with regard to any changes of the Directors and maintenance of an appropriate succession plan for Directors. In addition, the remuneration and nomination committee prepares an annual report on the remuneration and nomination policies of the Company. The remuneration of the Non-Executive Directors is a matter for the Board. No Director or manager may be involved in any decisions as to his/her own remuneration.
- 3.4 **Share Dealing Code:** The Directors will comply, and procure compliance, with Rule 21 of the AIM Rules for Companies relating to dealings by Directors and other applicable employees in the Company's securities and, to this end, the Company has adopted an appropriate share dealing code.
- 3.5 **Anti-Bribery and Anti-Corruption Policy:** The Company has adopted a framework anti-bribery and anti-corruption policy in respect of combating the risks associated with bribery and corruption to which the Group may be exposed.

4 The City Code and takeovers

- 4.1 The City Code applies to all offers (subject to shared jurisdiction exclusion) for companies and Societas Europaea (and, where appropriate, statutory and chartered companies) which have their registered offices in the United Kingdom, the Channel Islands or the Isle of Man if any of their securities are admitted to trading on a regulated market or a multilateral trading facility in the United Kingdom (including AIM) or on any stock exchange in the Channel Islands or the Isle of Man. Therefore, on Admission, the Company will be a company to which the City Code applies, and its shareholders are accordingly entitled to the protections afforded by the City Code.
- 4.2 Under Rule 9 of the City Code, when a person or a group of persons acting in concert acquires shares in a company which is subject to the City Code, and such shares (when taken together with shares already held) carry 30 per cent. or more of the voting rights of the Company, such person or group of persons is normally obliged to make a general offer in cash to all of the Company's shareholders to acquire the remaining equity share capital at the highest price paid by any member of such concert party within the preceding 12 months. Rule 9 of the City Code also states that, if any person or group of persons acting in concert holds shares carrying not less than 30 per cent., but not more than 50 per cent., of the voting rights,

and such person, or any person acting in concert with him, acquires any additional shares which increases their percentage of the voting rights, such person or group of persons is, in the same way, obliged to make a general offer to all shareholders.

- 4.3 The Panel will, in appropriate cases, however, grant a waiver of such an obligation provided, amongst other things, appropriate disclosure is made to shareholders.
- 4.4 Part XVIII of the Companies Law contains provisions in relation to the compulsory acquisition of shares in the event of a takeover offer. Section 337 of the Companies Law provides that if within 4 months after the date of making an offer in respect of a scheme or contract which involves the transfer of shares or any class of shares in a company to any person (the “transferee”), the offer is approved by shareholders comprising 90% in value of the shares affected (excluding any shares held as treasury shares), the transferee may, within 2 months after the expiration of those 4 months, give notice to any dissenting shareholder that it desires to acquire his shares (a “**notice to acquire**”).

A ‘dissenting shareholder’ includes a shareholder who has not assented to the scheme or contract (in respect of the transfer of the shares) and any shareholder who has failed or refused to transfer his shares to the transferee in accordance with the scheme or contract.

Subject to the provisions of Part XVIII of the Companies Law, where a notice to acquire is given, the transferee is entitled and bound to acquire those shares on the terms on which, under the scheme or contract, the shares of the approving shareholders are to be transferred to the transferee.

Subject to the provisions of section 339 of the Companies Law, the transferee shall, on the expiration of one month from the date of the notice to acquire, send a copy of the notice to the transferor and pay or transfer to the transferor the consideration required under the notice in respect of the shares he is entitled to acquire and the transferor shall thereupon register the transferee as the holder of those shares. Any sums that are received by the transferor under section 339 of the Companies Law shall be paid into a separate bank account, and any such sums and any other consideration so received shall be held by the transferor on trust for the shareholders entitled to the shares in respect of which the said sum or other consideration was respectively received.

Section 339 of the Companies Law provides that a dissenting shareholder may, within 1 month after the date of a notice to acquire, apply to the Royal Court of Guernsey (the “**court**”) to cancel that notice. The court may then cancel the notice or make such an order as it thinks fit.

PART VI

PLACING, ADMISSION AND RELATED MATTERS

1 Placing Agreement

Under the Placing Agreement, which may be terminated by Cenkos in certain circumstances (including force majeure) prior to Admission, the Company has given certain warranties and indemnities to Cenkos concerning, *inter alia*, the accuracy of the information contained in this document. The Directors have given certain warranties and undertakings. Further details are set out in paragraph 16.1 of Part X of this document.

2 The Placing

2.1 Pursuant to the Placing Agreement and the arrangement on issuing new Ordinary Shares to certain advisers, a total of 54,971,291 new Ordinary Shares, have been issued, conditional on, *inter alia*, Admission, at a price of €0.63 per share, raising approximately €30.7 million net of estimated expenses.

2.2 Dealings in the Placing Shares on AIM are expected to commence on 26 February 2014. If any Placees request that their Placing Shares be issued in uncertificated form, it is expected that the appropriate CREST accounts will be credited with the Placing Shares comprising their Placing participation with effect from 26 February 2014. For those Placees who request that their Placing Shares be issued in certificated form, it is expected that certificates in respect of such shares will be despatched by post not later than 4 March 2014. Pending despatch of definitive share certificates or the crediting of CREST accounts, the Company's registrars will certify any instrument of transfer against the register.

3 CREST

3.1 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the CREST Regulations. The Articles permit the holding of Ordinary Shares under the CREST system. All of the Ordinary Shares will be in registered form and no temporary documents of title will be issued.

3.2 The Company has applied for the Ordinary Shares to be admitted to CREST on the date of Admission and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. It is expected that Admission will become effective and dealings in Ordinary Shares will commence on 26 February 2014. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes.

3.3 CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

4 Lock-in and Orderly Market Arrangements

4.1 Pursuant to the Relationship Agreement as described in paragraph 16.2 of Part X of this document, Summit has undertaken (and agreed to procure that its affiliated companies undertake) not to dispose of any interest in their Ordinary Shares for a period of 12 months following Admission except in limited circumstances such as a takeover offer for the Company or otherwise with the prior written consent of Cenkos and the Company.

4.2 Further, Summit shall not (and agreed to procure that its affiliated companies shall not), for a further period of 12 months from the end of such lock-in period, dispose of any interest in such Ordinary Shares otherwise than through the Company's broker from time to time and in such manner as the broker may, acting reasonably, determine with a view to maintaining an orderly market, provided that such sale is carried out on normal market terms.

4.3 Pursuant to the Placing Agreement, further details of which are set out in paragraph 16.1 of Part X of this document, each of the Directors has undertaken to each of the Company and Cenkos, among other things, not to dispose of the Ordinary Shares which he owns for a period of 12 months from Admission except in certain limited certain circumstances and not

to dispose of such Ordinary Shares for a further period of 12 months following such lock-in period other than through the Company's broker subject to certain conditions.

5 Relationship Agreement

The Company, Summit, Zohar Levy, Summit Real-Estate GmbH & Co. Dortmund KG, Unifinter and Cenkos have entered into a relationship agreement which will govern the on-going relationship and dealings between the parties thereto in the interests of good corporate governance and other matters. Details of the terms of the Relationship Agreement are set out in paragraph 16.2 of Part X of this document.

6 Risk Factors

Certain risk factors in relation to the Company and its business are brought to your attention in Part IV of this document.

7 Taxation

Information regarding the UK and Guernsey taxation of potential Shareholders is set out in Part VIII of this document. No tax advice is being provided to Shareholders in this document. If you are in any doubt as to your tax position, you should consult your professional adviser immediately.

8 Admission, Settlement and Dealings

Application has been made to the London Stock Exchange for all of the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on 26 February 2014. No temporary documents of title will be issued. All documents sent by or to a Shareholder who elects to hold Ordinary Shares in certificated form, or at his or her direction, will be sent through the post at the Shareholder's risk. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

9 Further Information

Your attention is drawn to the additional information set out in Part X of this document.

PART VII

CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Part VIII of this document contains the following financial information:

Section A – Accountant's Report from the Company's reporting accountant Deloitte LLP on the Consolidated Historical Financial Information of the Group (as set out in Section B).

Section B – Consolidated Historical Financial Information of the Group for the three years ended 31 December 2012, 2011 and 2010.

Section C – Unaudited Interim Results of the Group for the six months ended 30 June 2013.

Section A: Accountants' Report on the Consolidated Historical Financial Information of the Group

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14 February 2014

Dear Sirs

Summit Germany Limited

We report on the financial information for the three years ended 31 December 2012 set out in Part VII of the AIM admission document dated 14 February 2014 of Summit Germany Limited (the "Company") (the "Admission Document"). This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in note 2.2 to the financial information. This report is required by Annex I item 20.1 of Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") as applied by Paragraph (a) of Schedule Two to the AIM Rules for Companies and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two to the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation as applied by Paragraph (a) of Schedule Two to the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at 31 December 2010, 2011 and 2012 and of its profits or losses, cash flows and changes in equity for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two to the AIM Rules for Companies.

Yours faithfully

Deloitte LLP
Chartered Accountants

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SECTION B: CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF THE GROUP

SUMMIT GERMANY LIMITED

CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

AS OF DECEMBER 31, 2012

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As of 31 December		
		2012	2011	2010
		Euro (in thousands)		
	Note			
ASSETS				
NON-CURRENT ASSETS:				
Property, plant and equipment		147	206	285
Investment properties	5	515,205	809,188	826,944
Intangible assets	6	48	78	115
Other long-term financial assets and available for sale financial instruments	7	4,215	3,950	3,990
Deferred tax asset	16	857	926	1,012
Total non-current assets		520,472	814,348	832,346
CURRENT ASSETS:				
Trade receivables	8	1,971	2,639	1,520
Prepaid expenses and other current assets	9	8,616	15,690	18,354
Receivables from related parties	12	19,196	19,318	136
Investment in marketable securities at fair value through profit and loss	17	41,552	55,498	54,379
Cash and cash equivalents	10	41,573	24,060	39,504
Total current assets		112,908	117,205	113,893
Total assets		633,380	931,553	946,239

The accompanying notes are an integral part of the Consolidated Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As of 31 December		
		2012	2011	2010
	Note	Euro (in thousands)		
EQUITY AND LIABILITIES				
EQUITY:	11			
Share capital		(*) -	(*) -	(*) -
Distributable reserve		292,007	292,007	292,007
Reserve on revaluation of available for sale financial assets		1,208	1,330	1,610
Reserves due to transactions with principal shareholder		2,216	2,216	-
Cash flow hedging reserve		(24,428)	(43,340)	(50,829)
Retained losses		(138,456)	(100,260)	(94,674)
Equity attributable to the owners of the Company		132,547	151,953	148,114
Non controlling interests		2,130	431	132
Total equity		134,677	152,384	148,246
NON-CURRENT LIABILITIES:				
Interest-bearing loans and borrowings	7	344,396	650,623	668,243
Other long-term financial liabilities	7	26,779	45,850	53,494
Deferred tax liability	16	2,019	1,360	1,134
Total non-current liabilities		373,194	697,833	722,871
CURRENT LIABILITIES:				
Interest-bearing loans and borrowings	7	102,695	51,672	39,841
Payables to related parties	12	38	487	104
Tax liabilities		6,742	8,406	10,104
Trade and other payables	13	16,034	20,771	25,073
Total current liabilities		125,509	81,336	75,122
Total liabilities		498,703	779,169	797,993
Total equity and liabilities		633,380	931,553	946,239

(*) No par value.

The accompanying notes are an integral part of the Consolidated Historical Financial Information.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December		
		2012	2011	2010
		Euro (in thousands)		
	Note			
Rental income		63,256	63,513	63,747
Operating expenses		(3,729)	(3,838)	(3,983)
Gross profit		59,527	59,675	59,764
General and administrative expenses	14	(10,055)	(10,346)	(10,904)
Fair value adjustments of investment properties	5	(51,651)	(16,735)	18,587
Other income	19, 5	3,813	1,587	247
Operating profit		1,634	34,181	67,694
Financial income	15	116	1,418	2,606
Financial expenses	15	(39,790)	(39,748)	(40,376)
Total financial expenses		(39,674)	(38,330)	(37,770)
Profit (Loss) before taxes on income		(38,040)	(4,149)	29,924
Income tax income (expenses)	16	920	(1,181)	(435)
Profit (Loss) for the year		(37,120)	(5,330)	29,489
Other comprehensive income and expenses:				
Net (loss) arising on revaluation of available-for-sale financial assets during the year		(155)	(340)	(630)
Net gain on hedging instruments entered into for cash flow hedges		12,488	7,592	(2,072)
Reclassification adjustment for fixed interest hedge amount recognized in profit or loss on deconsolidation	19	7,080	-	-
Other comprehensive income (expenses) for the year, net of tax		19,413	7,252	(2,702)
Total comprehensive income (expenses) for the year		(17,707)	1,922	26,787
Profit (Loss) attributable to:				
Owners of the company		(38,196)	(5,586)	29,453
Non-controlling interests		1,076	256	36
		(37,120)	(5,330)	29,489
Total comprehensive income (expenses) attributable to:				
Equity shareholders		(19,406)	1,623	27,043
Minority interests		1,699	299	(256)
		(17,707)	1,922	26,787

The accompanying notes are an integral part of the Consolidated Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Attributable to equity holders of the Company											
	Issued capital (Note 11)	Share premium (Note 11)	Distribution Reserve (Note 11)	Other reserves (Note 11)	Reserves due to transactions with					Non Controlling interests	Total equity
					principal shareholder (Note 12)	Net unrealized gain reserve (Note 11)	Retained Earnings (Deficit)	Total			
									Euro in thousands		
Balance at January 1, 2012	(*) -	-	292,007	1,330	2,216	(43,340)	(100,260)	151,953	431	152,384	
Loss for the year	-	-	-	-	-	-	(38,196)	(38,196)	1,076	(37,120)	
Other comprehensive profit (loss) for the year, net of income tax (**)	-	-	-	(122)	-	18,912	-	18,790	623	19,413	
Total comprehensive profit (loss)	-	-	-	(122)	-	18,912	(38,196)	(19,406)	1,699	(17,707)	
Balance at December 31, 2012	(*) -	-	292,007	1,208	2,216	(24,428)	(138,456)	132,547	2,130	134,677	

(*) No par value.

(**) Other comprehensive profit is as a result of change in derivative.

The accompanying notes are an integral part of the Consolidated Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						
	Reserves due to transactions with principal shareholder (Note 12)						
	Issued capital (Note 11)	Share premium (Note 11)	Distribution Reserve (Note 11)	Other reserves (Note 11)	Net unrealized gain reserve (Note 11)	Retained Earnings (Deficit)	Total
	Euro in thousands						Non Controlling interests
							Total equity
Balance at January 1, 2011	(*) -	-	292,007	1,610	-	(94,674)	148,114
Loss for the year	-	-	-	-	-	(5,586)	256
Other comprehensive profit (loss) for the year, net of income tax (**)	-	-	-	(280)	7,489	-	43
Total comprehensive profit (loss)				(280)	7,489	(5,586)	299
Reserve on transaction with principal shareholder	-	-	-	-	2,216	-	-
Balance at December 31, 2011	(*) -	-	292,007	1,330	2,216	(100,260)	151,953
					(43,340)		431
							152,384

(*) No par value.

(**) Other comprehensive profit is as a result of change in derivative.

The accompanying notes are an integral part of the Consolidated Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Attributable to equity holders of the Company												
	Issued capital (Note 11)	Share premium (Note 11)	Distribution Reserve (Note 11)	Other reserves (Note 11)	Reserves due to transactions with principal shareholder (Note 12)				Retained Earnings (Deficit)	Total	Non Controlling interests	Total equity
					Net unrealized gain reserve (Note 11)							
						Euro in thousands						
Balance at January 1, 2010	(*) -	-	292,007	2,128	-	(48,937)	(124,127)	121,071	388	121,459		
Profit for the year	-	-	-	-	-	-	29,453	29,453	36	29,489		
Other comprehensive profit (loss) for the year, net of income tax (**)	-	-	-	(518)	-	(1,892)	-	(2,410)	(292)	(2,702)		
Total comprehensive profit (loss)				(518)	-	(1,892)	29,453	27,043	(256)	26,787		
Balance at December 31, 2010	(*) -	-	292,007	1,610	-	(50,829)	(94,674)	148,114	132	148,246		

(*) No par value.

(**) Other comprehensive profit is as a result of change in derivative.

The accompanying notes are an integral part of the Consolidated Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2012	2011	2010
	Euro in thousands		
<u>Cash flows from operating activities:</u>			
Profit (Loss) for the year	(37,120)	(5,330)	29,489
Adjustments to reconcile loss to net cash provided by operating activities:			
Deferred taxes	197	162	311
Sale of subsidiaries	(2,431)	(1,662)	-
Financial expenses, net	39,674	38,975	38,107
Fair value adjustment of investment properties	51,651	16,735	(18,587)
Gain from disposal of property	(1,260)	-	(910)
Loss from available for sale financial assets	921	(1,136)	628
Depreciation of property, plant and equipment	73	74	98
Amortization and impairment of intangible assets	(69)	(111)	(32)
Management fees waived by the asset manager	-	2,216	-
	88,756	55,253	19,615
Changes in operating assets and liabilities:			
Decrease (Increase) in trade receivables	455	(1,057)	1,752
Increase in trade and other payables	1,919	3,022	2,500
Decrease in income tax liabilities	-	(219)	(2,300)
Increase (Decrease) in payables to related parties and shareholders	93	(442)	23
(Increase) in prepaid expenses and other current assets	(1,949)	(1,307)	(4,386)
Increase (Decrease) in other non current liabilities	102	(50)	566
	620	(53)	(1,845)
Net cash flows provided by operating activities	52,256	49,870	47,259
<u>Cash flows from investing activities:</u>			
Additions of property, plant and equipment	(14)	5	(28)
Additions of intangible assets	(12)	(12)	(6)
Payment in respect to acquisition of Marketable securities	13,829	(3,448)	(34,601)
Payment in respect to acquisition of subsidiaries	-	(1,350)	-
Change in deposits	1,177	2,336	(952)
Increase in loan to 3rd party	-	(61)	(211)
Additions to investment properties	(1,982)	(1,276)	(2,558)
Proceeds from sale of investment property	4,100	2,300	-
Interest income received	116	1,418	2,606
Proceeds from sale of financial instruments	37	160	27
Increase in balance with related party	(391)	(18,364)	-
Disposal of subsidiaries (appendix A)	(639)	(538)	-
Net cash flows provided (used) in investing activities	16,221	(18,830)	(35,723)
<u>Cash flows from financing activities:</u>			
Receiving of borrowings from banks	17,500	-	-
Repayment of borrowings	(30,337)	(7,682)	(10,262)
Interest expense paid	(37,811)	(38,802)	(37,801)
Increase of other long term assets	(316)	-	-
Net cash flows used in financing activities	(50,964)	(46,484)	(48,063)
Increase (Decrease) in cash and cash equivalents	17,513	(15,444)	(36,527)
Cash and cash equivalents at beginning of year	24,060	39,504	76,031
Cash and cash equivalents at end of year	41,573	24,060	39,504

The accompanying notes are an integral part of the Consolidated Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT.)

APPENDIX A:

	Year ended 31 December		
	2012	2011	2010
	Euro in thousands		
<u>Disposal of subsidiaries</u>			
Working capital	(364)	(2,200)	-
Investment properties	241,474	-	-
Interest bearing loans and borrowings	(244,134)	-	-
Other long term financial liabilities	(7,126)	-	-
Reclassification adjustment for fixed interest hedge amount recognised in profit or less	7,080	-	-
Gain from disposal of subsidiaries	2,431	1,662	-
	(639)	(538)	-

The accompanying notes are an integral part of the Consolidated Historical Financial Information.

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

NOTE 1: GENERAL

Summit Germany Limited (“the Company”) and its subsidiaries (together “the Group”) is a German property specialist fund. The Company was incorporated and registered in Guernsey on April 19, 2006. The Company is a closed ended authorised investment scheme registered under The Protection of Investors Law (Bailiwick of Guernsey) Law 1987.

The Company owns and operates commercial assets in Germany including office buildings, logistic centres and others, which are leased to numerous commercial and industrial tenants. The Company invests primarily in such properties that provide substantial occupancy rates and income flows. The Company does not acquire properties for speculative purposes.

Financial Position and major refinancing arrangements made after the end of the reporting period

The continued global financial crisis has significantly impacted the credit markets and property values all across the globe, including the German market.

Consequently, the risk inherent in the Group’s credit facilities agreements which were up for repayment during 2013 and 2014 has increased significantly. As at 31 December 2012, the Group’s bank borrowings amounted to €447 million, of which €103 million were classified in current liabilities due to the fact that their payment date is within one year period (therefore, the Group net current liabilities of €12.6 million).

However, on February 27, 2013 the Company and Royal Bank of Scotland (“RBS”) completed a re-financing of non-recourse debt of €401 million at that date that financed 3 asset portfolios that included 88 assets of the Group which fair value on December 31, 2012 was approximately €463 million (the: “RBS Facilities”). The assets include rental space of about 585 thousand square meters, and produce annual rental income of about €38 million.

As a part of the transaction with RBS, the Company acquired through a subsidiary, Gallia Invest, a portion of RBS bank loan in the amount of €120 million (“B-NOTE” or “Junior Tranche”) for a consideration of €90 million. As a result, Gallia Invest has become a creditor of the holding property subsidiaries (“property companies”) holding the Junior Tranche of €120 million and RBS holds the Senior Tranche of €281 million.

The Company financed this acquisition partly by its own funds and partly by a loan received from SHL in the amount of € 46.5 million (the: “Shareholder Loan”). To finance the Shareholder Loan, SHL issued bonds (the: “Bonds”) to the public with recourse. The terms of the shareholders loan are back to back to the terms of the bonds. For further details on the shareholders loan terms as well as securities granted refer to SGL half year condensed consolidated financial statements as of June 30, 2013.

The Group liability to RBS was reduced by about €120 million for a consideration of €90 million therefore the Group has recorded a profit of approximately €30 million. For further details on the new terms of RBS loans refer to SGL half year condensed consolidated financial statements as of June 30, 2013.

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

NOTE 1: GENERAL (cont.)

The Directors and the Asset Manager monitor the Group's position in light of the market indicators, on an on-going basis. The Directors believe that the recent re-financing transactions repositioned the Group successfully which now benefits from solid ground to continue its activity to enhance value.

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

NOTE 2.1: BASIS OF PREPARATION

The Consolidated Historical Financial Information have been prepared on a historical cost basis, modified for investment properties, derivative financial instruments and available-for-sale financial assets that have been measured at fair value. The Consolidated Historical Financial Information are presented in Euros and all values are rounded to the nearest thousands, except when otherwise indicated.

Statement of compliance:

The Consolidated Historical Financial Information of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and The Companies (Guernsey) Law, 2008.

Basis of consolidation:

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries:

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

NOTE 2.2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill:

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition, irrespective of the extent of any minority interest.

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquire, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

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

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

Revenue recognition:

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

Interest income:

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

Interest income is presented in finance revenue in the statement of comprehensive income.

Rental income:

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

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

NOTE 2.2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Foreign currencies:

The individual historical financial information of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the Consolidated Historical Financial Information, the results and financial position of each group entity are expressed in Euros, which is the functional currency of the Group and the presentation currency for the Consolidated Historical Financial Information.

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

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

Taxes:

Current Taxes:

The Company is subject to taxation under the laws of Guernsey. The Company has been granted exempt status for the current year, which results in no Guernsey taxation on income it receives during the relevant period, including interest and dividends received, or capital gains from the disposal of investments. Exempt status is achieved by application. Application is made to the Director of Income Tax in Guernsey for confirmation that the Company is eligible for exempt status under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. The exemption must be reapplied on an annual basis. The subsidiaries are subject to income taxes in their country of domicile in respect of their income. The ordinary corporate income tax rate in Germany as of December 31, 2012 is 15.825% (December 31, 2011: 15.825%).

Deferred tax:

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

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

NOTE 2.2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Taxes: (cont.)

Deferred tax: (cont.)

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

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

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

Financial assets

Initial recognition:

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

Financial assets are recognised initially at fair value plus, directly attributable transaction costs.

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

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

Subsequent measurement:

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

Loans and receivables:

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

NOTE 2.2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Financial assets (cont.)

Available-for-sale financial assets:

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

Financial Assets at Fair Value through Profit and loss ("FVTPL"):

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

A financial asset is classified as held for trading if:

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

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

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the consolidated statement of comprehensive income. Fair value is determined in the manner described in note 17.

NOTE 2.2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Financial liabilities

Initial recognition:

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings and derivative financial instruments.

Subsequent measurement:

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

Loans and borrowings:

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

Offsetting of financial instruments:

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

Fair value of financial instruments:

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

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

NOTE 2.2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Amortised cost of financial instruments:

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

Impairment of financial assets:

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

Due from loans and receivables:

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the consolidated statement of comprehensive income.

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

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

NOTE 2.2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Available-for-sale financial investments:

For available-for-sale financial investments, the Group assesses at each balance sheet date whether there is objective evidence that an investment or a group of investments is impaired.

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

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement:

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

Any gains or losses arising from changes in fair value on derivatives during the year that are qualified for hedge accounting are taken directly to equity.

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

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

NOTE 2.2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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

Cash flow hedges

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

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

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

Property, plant and equipment

Plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

- Fixtures and furniture - 3 to 23 years.

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

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

NOTE 2.2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Investment properties:

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the statement of financial position date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of comprehensive income in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Intangible assets:

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

The useful lives of intangible assets are assessed as either finite or indefinite.

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

NOTE 2.2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Intangible assets (Cont.):

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

Impairment of assets:

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

Goodwill

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

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

Cash and short-term deposits:

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

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

Trade and other receivables:

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

NOTE 2.2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Provisions:

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

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

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

Key sources of estimation uncertainty:

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

Revaluation of investment properties:

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

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

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

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

Deferred tax assets:

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. (See also Note 16).

Changes in the Group's ownership interests in existing subsidiaries:

The consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company (its subsidiaries).

As the result of the events detailed in note 19, the Group management reached a conclusion that Group contractual ownership of certain entities does not meet the definition of "control" in accordance with IAS 27. Therefore these entities were deconsolidated starting from the date when control was lost.

NOTE 4: ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

Certain new interpretations and amendments or revisions to existing standards, which may be relevant to the Group, have been published that are mandatory for later accounting periods and which have not been adopted early. These are:

New and revised IFRSs in issue but not yet effective

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

- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The group is considering the impact of these standards on the group's Financial Statements.

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

NOTE 5: INVESTMENT PROPERTIES

	Euro in thousands
Balance at January 1, 2010	806,995
Additions during the year	1,362
Fair value adjustments during the year	18,587
Balance at December 31, 2010	826,944
Disposal during the year (a1)	(2,300)
Additions during the year	1,279
Fair value adjustments during the year	(16,735)
Balance at December 31, 2011	809,188
Disposal during the year (a2)	(2,840)
Additions during the year	1,982
Fair value adjustments during the year	(51,651)
Exit from consolidation (see note 19)	(241,474)
Balance at December 31, 2012	515,205

The investment properties are stated at fair value, which has been determined based on valuations performed by external experts. The fair value represents the amount at which the assets could be exchanged between a willing buyer and willing seller in an arm's length transaction at the date of valuation, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. These assumptions are predicated on the on-going funding by the Group's lenders. The valuations are based on the income approach. This approach involves a direct capitalisation of the net income and, in respect of buildings under renovation, a discounted cash flow analysis.

The main inputs that have been used and which are subject, among other, to management assumptions are the projected net income and the yields applied. The yields range from 6.2% to 9.25% (2011: 6.2% to 9.9%, 2010: 6% to 10.09%). A change in the discount interest rate by plus/minus 0.1% (to full percentage point) would have resulted in an approximate reduction of €6.4 million or an increase of € 6.6 million in fair values.

(a) Disposals

1. In May 2011 one of the group subsidiaries sold a property located in New Munster, Germany. The property comprises of 10,589 sqm rentable area was leased in the past to a printing company which became insolvent and currently was partially vacant. The property was sold for its book value- 2.3 million Euros.
2. On March 26, 2012 a group subsidiary signed an agreement to sell real estate asset located in Cologne, for a total consideration of 4.1 million Euros. The asset was partially vacant and in 2011, yielded a rent income of 221 thousands Euros. The company has recognised a profit of 1.3 million Euros that resulted from the sale.

(*) See note 20 for details on disposals after the end of the reporting period.

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

NOTE 6: INTANGIBLE ASSETS

	IT Software ⁽¹⁾	Goodwill	Total
	Euro in thousands		
Cost:			
At 1 January 2010	1,919	6,315	8,234
Additions	6	-	6
At 31 December 2010	1,925	6,315	8,240
Additions	12	-	12
At 31 December 2011	1,937	6,315	8,252
Additions	12	-	12
At 31 December 2012	1,949	6,315	8,264
Amortisation and impairment:			
At 1 January 2010	1,763	6,315	8,078
Amortisation and impairment	47	-	47
At 31 December 2011	1,810	6,315	8,125
Amortisation and impairment	49	-	49
At 31 December 2011	1,859	6,315	8,174
Amortisation and impairment	42	-	42
At 31 December 2012	1,901	6,315	8,216
Net book value:			
At 31 December 2012	48	-	48
At 31 December 2011	78	-	78
At 31 December 2010	115	-	115

(1) The software is amortized over 3-10 years.

NOTE 7: OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	December 31,		
	2012	2011	2010
	Euro in thousands		
<u>Other long-term financial Assets:</u>			
Deposits in escrow ⁽²⁾	266	266	266
Available-for-sale investment - unquoted equity shares ⁽³⁾	2,627	2,664	2,824
Long-term loans receivable	963	689	628
Other financial assets	359	331	272
Total long term financial assets	4,215	3,950	3,990
<u>Other financial liabilities:</u>			
Derivative instruments ⁽¹⁾	27,838	47,584	54,980
Other Financial liabilities	2,303	1,625	1,823
Total financial liabilities	30,141	49,209	56,803

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

NOTE 7: OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

(1) Derivative instruments:

While initially financed the properties the Group contracted hedging instruments under the form of "Interest rate swaps" at a fixed rate of 3.75%-4.5% up to the initial repayment date.

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

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

After the balance sheet date and following the refinancing of the major 3 credit facilities of the group (as detailed in note 1), the Group contracted new hedging instruments under the form of "Interest rate swaps" at a fixed rate of 1%-1.2% from the initial repayment date to the new repayment date at the end of 2017.

€3,362 thousands (2011: €3,359 thousands, 2010: €3,308 thousands) of the balance is presented in current liabilities (trade and other payables) and 26,779 € thousands (2011: €44,225 thousands, 2010: €51,672 thousands) in other long-term financial liabilities.

(2) Deposits in escrow:

The Group had made several deposits with a notary, in connection with certain acquisitions, until certain conditions subsequently are fulfilled. The deposits do not bear interest.

(3) Available-for-sale investment - equity shares:

Investments in Ordinary shares in affiliated and associated companies. Those 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 as of the period end has been based on the market values of the companies' active investments in real estate.

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

NOTE 7: OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

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

	Effective interest rate	Maturity	31 December		
			2012	2011	2010
	%		Euro in thousands		
Current:					
Current maturities of long term loans	(*) 3.3-6.1	2013	102,695	51,672	39,841
Non-current:					
Secured bank loans	(*) 3.3-6.1	2014-2019	344,396	650,623	668,243

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

The subsidiaries have signed credit facility agreements and amendments agreements with various credit institutions. Based on the agreements, the loans bear a floating interest rate of Euribor plus a margin per annum (1%-1.25%) which is fixed by entering into an interest rate swap agreement. The loans are repaid in quarterly instalments while the amortisation varies from 0% to 1% per annum in the reported period when according to one of the amendments the excess of cash of 2 facilities is also swept towards repayment of loans.

As part of the loan agreements, lenders were generally provided with the following securities:

- A charge over the subsidiaries' total assets and all the rights to revenues and profits that will be received from the long-term lease agreement with the third party lessee.
- A pledge over the subsidiaries' shares, secured by a first charge over the properties.
- Execution of a hedging transaction by the subsidiaries, for the purpose of establishing fixed rate interest for the period of the loans.

Furthermore, the agreements are subject to various terms and conditions. The credit facility agreements include reporting covenants and finance covenants, according to which the majority of subsidiaries must ensure the Interest Cover ratios between 120% and 125% (the annual projected net income should cover the annual projected interest expenses), Loan to Value ratios between 87.5% and 95% in the reporting period ("LTV" - outstanding loans by the most recent valuation) and Debt Service Cover Ratio ("DSCR") between 105% and 125% in the reporting period.

During 2012 management was focused on refinancing. During October 2012, Group subsidiaries in Germany finalised the refinancing of two logistics assets in the area of Hamburg which comprise a total area of 47 thousand square meters and generate annual revenues of € 2.2 million. The maturity dates of loans that financed these assets in the amount of € 17.6 million were prolonged by the prior lender for short periods from time to time. Financing arrangements with the new lender are as follows:

- Loan in the amount of € 5.6 million will mature in 31 December 2021; bears annual interest of Euribor +1.75% margin and principal annual amortization of 3%.
- Loan in the amount of € 11.6 million will mature in 28 February 2019; bears annual interest of Euribor +1.75% margin and principal annual amortization of 2.6%.

In addition, loan covenants have been set. Both of these loans are Non-Recourse loans.

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

NOTE 7: OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

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

Further, a Non - Recourse loan in the amount of € 26 million which was extended until January 2014 following an injection of € 1.6 million from the deposit which was pledged to the lender. In addition, the borrower has agreed to invest an additional €650 thousand in adjustments of certain lettable areas to new tenants should it be required and to meet certain occupancy targets which were to be measured in April 2013.

After the balance sheet date, In April 2013 the lender contacted the borrower to test the occupancy target. As a dispute with the lender arose whether the target was met both parties agreed that the borrower will make unscheduled partial repayment in amount of €353 thousand and further unscheduled partial repayment of € 400 thousand if no signed term sheet to refinance the property exists with a new lender while repayment date remains on January 2014.

On November 2013 this loan which balance at that date was of €24.1 million, was refinanced with Deutsche Genossenschafts-Hypothekenbank AG (DG Hyp). The new loan of 23.5 million Euro is scheduled for repayment on 30 September 2018 with an annual amortization of 0.5%, bearing interest of 1.64%+ 3month Euribor hedged at 1.0175%, secured by first ranking mortgage, subordination of shareholders loan, guarantee to full occupancy and subject to several covenants.

For further refinancing after the balance sheet date, please see note 1.

The remaining outstanding costs of raising loans as of 31 December 2012 are € 1,147 thousand. They are presented net of interest-bearing loans and borrowings. The costs of raising loans are amortised over the period of the loans. For the reporting period, the amortization amounts recorded were € 969thousand (2011: € 1,044 thousand, 2010: € 1,030 thousand).

NOTE 8: TRADE RECEIVABLES

	December 31,		
	2012	2011	2010
	Euro in thousands		
Trade receivables	3,803	4,718	4,254
Provision for doubtful accounts	(1,832)	(2,079)	(2,734)
	1,971	2,639	1,520

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

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

	Total	Neither past due nor impaired	< 30 days	30 – 60 days	60 – 90 day	90 – 120 day	>120 days
	Euro in thousands						
2012	1,971	-	283	211	266	62	1,149
2011	2,639	-	378	397	845	184	835
2010	1,520	28	295	362	165	26	644

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

NOTE 8: TRADE RECEIVABLES (Cont.)

Movements in the provision for impairment of receivables were as follows:

	Euro in thousands
At 1 January 2010	2,455
Charge for the year	594
Utilised	(315)
At 31 December 2010	2,734
Charge for the year	(315)
Utilised	(340)
At 31 December 2011	2,079
Charge for the year	364
Utilised	(308)
Exit from consolidation (see note 19)	(303)
At 31 December 2012	1,832

NOTE 9: PREPAID EXPENSES AND OTHER CURRENT ASSETS

	December 31,		
	2012	2011	2010
	Euro in thousands		
Prepaid expenses	916	1,124	703
Service charge	2,472	4,352	5,101
Designated cash (*)	5,228	10,214	12,550
	8,616	15,690	18,354

(*) The balance comprises deposits in rent accounts, which withdrawal is subject to joint signature of the Company and the lender. According to the waterfall mechanism set in the relevant credit facilities agreements, those funds should be addressed first to the debt service needs.

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

NOTE 10: CASH AND CASH EQUIVALENTS

	December 31,		
	2012	2011	2010
	Euro in thousands		
Cash at banks and on hand	37,793	9,824	12,343
Short-term deposits	3,780	14,236	27,161
	41,573	24,060	39,504

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

NOTE 11: SHARE CAPITAL

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

	Issued and outstanding
	Number of shares
At December 31, 2010, December 31, 2011 and December 31, 2012	275,000,000

- b. Distributable reserve:
In accordance with the law, any distribution is subject to a solvency test to determine whether the Company is able to distribute funds to shareholders.
- c. Dividends on Ordinary shares:
No dividends were paid during 2010, 2011 and 2012.
- d. Net unrealised gains reserve:
The reserve records fair value changes on available-for-sale financial assets. The effective portion of the gain or loss on hedging instruments in cash flow hedges is also recorded as a separate component.
- e. After end of the reporting period, SGL Board of Directors has approved a buyback of 36,000,000 shares from Unifinter administratiekantoor B.V., in a share price of 59.55 cents. Refer to the half year condensed consolidated financial statements of SGL as of June 30 2013 for further information.

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

NOTE 12: BALANCES AND TRANSACTIONS WITH RELATED PARTIES

	2012		2011		2010	
	Amounts owed by related parties	Amounts owed to related parties	Amounts owed by related parties	Amounts owed to related parties	Amounts owed by related parties	Amounts owed to related parties
	Euro in thousands					
Loan to related party (*)	18,670	-	19,178	-	77	-
Other related parties	526	38	140	487	59	104
	19,196	38	19,318	487	136	104

(*) The balance bears 5% interest, payable on demand. After the end of the reporting period, the interest on this balance was updated to a rate of interest payable on a shareholders loan – see note 1 for further details.

After end of the reporting period, SGL Board of Directors has approved a buyback of 36,000,000 shares from Unifinter administratiekantoor B.V., in a share price of 59.55 cents. Refer to the half year condensed consolidated financial statements of SGL as of June 30 2013 for further information.

Assets Management Company and ultimate controlling party:

Summit Real Estate Holdings Ltd. which holds approximately 97.63% of the Ordinary shares in the Company is under the control of Mr. Zohar Levy, a director of the Company. Summit Management CO S.A., a company controlled by Zohar Levy, was appointed as an Asset Manager on 19 May 2006.

Terms and conditions of the agreements with the Asset Manager

The management agreement sets out the responsibilities of the Asset Manager including identifying and executing investment opportunities in accordance with the Group's investment strategy and providing other property advisory and portfolio management services. Under this agreement, the Asset Manager receives an annual basic management fee of 0.5% of the aggregate value of the assets under management.

The agreement is for an initial term of 10 years that will continue thereafter for successive 3-year periods, unless terminated by a 12-month advance notice prior to the end of the initial term or any extension thereafter. In any case of termination prior to the end of the initial term, the asset manager will be compensated by an amount equivalent to the management fees expected to be paid by the end of the initial term assuming the agreement was not terminated.

The articles of association of SFL, the Company's direct subsidiary, contain the provisions which relate to the Asset Manager's carried interest entitlement. The Asset Manager holds special B shares in Summit Finance Limited which will give it the right to receive a carried interest if the Company distributes a cash return on shareholders' equity of at least 8% in any financial year ("the Hurdle"). The Asset Manager will be entitled to receive 25% of the cash return in that year in excess of the Hurdle after deducting the carried interest entitlement - where such fees arise, they are charged to the consolidated statement of comprehensive income. No amounts were due in respect of aforementioned for this year.

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

NOTE 12: BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Cont.)

Terms and conditions of the agreements with the Asset Manager (Cont.)

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.

The entitlement will be paid by way of a dividend on the special shares. To the extent that Summit Finance Limited has insufficient distributable profits, the balance shall be paid out of Summit Finance Limited's distributable profits as a first call on them in future years. The Asset Manager may elect to either receive the amount that Summit Finance Limited cannot distribute by way of an interest free loan until the dividend is paid or can elect to receive the dividend plus interest. If an exit event occurs (these are a change of control of the Company, the Group selling all or substantially all of its properties, any of the principal subsidiaries being wound-up, the Group being in material breach of the Portfolio Management Agreement), the Asset Manager can require the Company or Summit Finance Limited to buy its shares for a price equal to the value of the basic management fees that would have been paid to the Asset Manager plus the carried interest had the Portfolio Management Agreement not been terminated on the basis that the portfolio remained the same during the term of the Portfolio Management Agreement. The carried interest entitlement shall be valued at either the sum that would have been paid had the whole portfolio been sold at the latest valuation or had it been retained and its rent increased by 1.5% per annum for the remainder of the term of the Portfolio Management Agreement.

The special B shares do not confer any voting rights save in certain circumstances to protect the special rights attached to them and/or to protect the entitlement where Summit Finance Limited is wound up.

Compensation of key management personnel of the Company :

	Year ended December 31,		
	2012	2011	2010
	Euro in thousands		
Professional fees to directors	91	95	97
Management fees*	4,032	4,068	4,045
Total compensation paid to key management personnel	4,123	4,163	4,142

* Management fees in amount of £1.8 million was paid during 2011 and the rest was recorded in the equity reserve.

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

NOTE 13: TRADE AND OTHER PAYABLES

	December 31,		
	2012	2011	2010
	Euro in thousands		
Accrued expenses	2,445	1,931	2,640
Accrued interest	2,877	5,813	6,398
Service charge prepayments	1,723	3,635	4,131
Acquisition costs to be paid	30	68	1,418
VAT	428	404	656
Provision for maintenance	1,875	2,396	2,794
Other trade payables and financial liabilities (*)	6,656	6,524	7,036
	16,034	20,771	25,073

(*) See also Note 7.

NOTE 14: GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31,		
	2012	2011	2010
	Euro in thousands		
Management and directors' fees	4,123	4,163	4,142
Professional fees (*)	1,973	2,320	2,413
Salaries	2,636	2,186	1,991
Administration fees	82	92	101
Other expenses	1,006	1,381	2,040
Office expenses	235	204	217
	10,055	10,346	10,904

(*) Professional fees include audit fees in the amount of €380 thousand (2011: €366 thousand, 2010: €360 thousand).

NOTE 15: FINANCIAL EXPENSES (INCOME)

	Year ended December 31,		
	2012	2011	2010
	Euro in thousands		
<u>Financial expenses:</u>			
Interest on bank borrowings	38,576	38,678	39,346
Cost of raising loans amortization	969	1,070	1,030
Other	245	-	-
Total financial expenses	39,790	39,748	40,376
<u>Financial income:</u>			
Interest income on short-term deposits	116	1,418	2,606
Total financial income	116	1,418	2,606

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

NOTE 16: TAXATION

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

	Year ended December 31,		
	2012	2011	2010
	Euro in thousands		
<u>Current income tax:</u>			
Current income tax charge	(1,118)	948	36
<u>Deferred income tax (See C):</u>			
Relating to origination and reversal of temporary differences	198	233	399
Income tax expense reported in the statement of comprehensive income	(920)	1,181	435

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

	Year ended December 31,		
	2012	2011	2010
	Euro in thousands		
Loss before taxes on income	(38,040)	(4,149)	29,924
Tax at the statutory tax rate in Germany (15.825%)	(6,020)	(656)	4,736
Increase (decrease) in respect of:			
Losses for which deferred taxes were not recorded	1,969	1,419	1,887
Effect of lower tax rate	(2,830)	(1,775)	(1,320)
Deferred taxes not recognised due to revaluation of investment properties and other income	8,056	2,533	(3,329)
Non-deductible expense	243	594	192
Difference between tax and reporting GAAP	(1,499)	(1,871)	(2,887)
Deferred tax assets reversed	-	-	1,450
Adjustments in respect to current income tax of previous years	(984)	1,031	(32)
Other	145	(94)	(262)
Income tax expense- (income)	(920)	1,181	435

NOTE 16: TAXATION (Cont.)
C) Deferred income tax:

	Consolidated statement of financial position		
	2012	2011	2010
	Euro in thousands		
<u>Deferred tax asset (liability):</u>			
Revaluations of investment properties to fair value	(5,834)	(4,570)	(3,809)
Revaluations of financial instruments	2,745	3,214	3,293
Provisions	1,391	316	574
Other	536	606	(180)
Deferred tax assets (liabilities), net	(1,162)	(434)	(122)

	Consolidated statement of comprehensive loss (income)		
	2012	2011	2010
	Euro in thousands		
<u>Deferred tax asset (liability):</u>			
Revaluations of investment properties to fair value	1,264	761	213
Revaluations of financial instruments	-	-	-
Provisions	(1,075)	258	(98)
Other	9	(786)	284
Deferred tax assets (liabilities), net	198	233	399

	Other comprehensive loss		
	2012	2011	2010
	Euro in thousands		
<u>Deferred tax asset (liability):</u>			
Revaluations of investment properties to fair value	-	-	-
Revaluations of financial instruments	469	79	(434)
Provisions	-	-	-
Other	61	-	-
Deferred tax assets (liabilities), net	530	79	(434)

D) During the year 2012, the Group has made cash tax payments on the amount of 132,000 Euros (during 2011: 112,000 Euros, during 2010: 431,000 Euros).

E) Group's carried forward tax losses which deferred taxes were not created for, are 36.2 mil Euros, (during 2011: 41.6 mill Euros, during 2010: 22.5 mill Euros).

No deferred tax assets were recognized with respect to those tax losses carry forward since their utilization is uncertain.

NOTE 17: FINANCIAL INSTRUMENTS

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

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

Market risk:

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

- **Interest rate risk:**

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

The Group's policy is to fix the interest rate of its bank loans by entering into fixed interest rate loan agreements and by entering into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2012, after taking into account the effect of interest rate swaps, the majority of the Group's borrowings are at a fixed rate of interest. All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

However, fixing the interest rates of bank loan agreements exposes the Group to market risk on changes in fair value of the swap.

- **Price risk:**

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

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

If equity prices had been 5% higher/lower:

- o Net profit for the year would increase by 2,078,000 Euros / decrease by 2,078,000 Euros (2011 increase by 2,571,000 Euros / decrease by 2,756,000, 2010 increase by 2,242,000 Euros / decrease by 2,700,000) as a result of the changes in value of marketable securities.

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

NOTE 17: 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 Group's historical financial information, 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 historical financial information 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.

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

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

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

Liquidity risk:

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2012 based on contractual undiscounted payments.

	As at 31 December 2012					
	Up to 1 year	1-2 years	2-3 years	3-4 years	> 4 years	Total
	Euro in thousands					
Interest bearing loans and borrowings	127,087	346,684	1,385	1,360	17,199	493,715
Trade and other payables	19,397	24,476	-	-	-	43,873
Other liabilities	6,742	-	-	-	-	6,742
Payables to related parties and shareholders	38	-	-	-	-	38
	153,264	371,160	1,385	1,360	17,199	544,368

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

NOTE 17: FINANCIAL INSTRUMENTS (Cont.)

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2011 based on contractual undiscounted payments.

	As at 31 December 2011					
	Up to 1 year	1-2 years	2-3 years	3-4 years	> 4 years	Total
	Euro in thousands					
Interest bearing loans and borrowings	84,954	358,849	302,271	-	-	746,074
Trade and other payables	24,130	24,005	20,220	-	-	68,355
Other liabilities	8,407	-	-	-	-	8,407
Payables to related parties and shareholders	487	-	-	-	-	487
	117,978	382,854	322,491	-	-	823,323

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2010 based on contractual undiscounted payments.

	As at 31 December 2010					
	Up to 1 year	1-2 years	2-3 years	3-4 years	> 4 years	Total
	Euro in thousands					
Interest bearing loans and borrowings	78,213	56,137	188,357	521,922	-	844,629
Trade and other payables	28,381	1,547	11,897	38,228	-	80,053
Other liabilities	10,104	-	-	-	-	10,104
Payables to related parties and shareholders	104	-	-	-	-	104
	116,802	57,684	200,254	560,150	-	934,890

Capital management:

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

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

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

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

NOTE 17: FINANCIAL INSTRUMENTS (Cont.)

No changes were made in the objectives, policies or processes during the years end 31 December 2012, 31 December 2011 and 31 December 2010.

The gearing ratios at 31 December 2012, 31 December 2011 and 31 December 2010 were as follows:

	2012	2011	2010
	Euro in thousands		
Non current interest bearing loans and borrowings	344,396	650,623	668,243
Current liabilities	102,695	51,672	39,841
Less cash and short term deposits	(41,573)	(24,060)	(39,504)
Net debt	405,518	678,235	668,580
Equity	134,677	152,384	148,246
Total capital	540,195	830,619	816,826
Gearing ratio	75.1%	82%	82%

Fair value of financial instruments:

Fair value of financial instruments carried at amortised cost:

The fair values of financial assets and financial liabilities are determined as follows:

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

Fair value measurements recognised in the statement of financial position:

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

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

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

NOTE 17: FINANCIAL INSTRUMENTS (Cont.)

31 December 2012				
	Level 1	Level 2	Level 3	Total
	Euro in thousands			
Financial assets:				
Available-for-sale financial assets				
Unquoted equity shares ^(a)	-	-	2,627	2,627
Financial Assets carried at fair value through profit and loss				
Marketable securities ^(b)	41,552	-	-	41,552
Total	41,552	-	2,627	44,179
Financial liabilities				
Derivative instruments - swaps	-	(30,141)	-	(30,141)

There were no transfers between the levels during the year.

- (a) During 2012, the Group has recorded decrease in value of investment in the unquoted equity shares in the amount of 37 thousand Euro.
- (b) The cost was 41,718 thousand Euros. During the year the company recorded loss from fair value adjustment of securities in the amount of 166 thousand Euros.

31 December 2011				
	Level 1	Level 2	Level 3	Total
	Euro in thousands			
Financial assets:				
Available-for-sale financial assets				
Unquoted equity shares ^(c)	-	-	2,664	2,664
Financial Assets carried at fair value through profit and loss				
Marketable securities ^(d)	55,498	-	-	55,498
Total	55,498	-	2,664	58,162
Financial liabilities				
Derivative instruments - swaps	-	(47,584)	-	(47,584)

There were no transfers between the levels during 2011.

- (c) During 2011, the Group has recorded decrease in investment in the unquoted equity shares in the amount of 160,000 Euro.
- (d) The cost was 56,798,000 Euro. During the year the company recorded loss from fair value adjustment of securities in the amount of 1,300,000 Euros.

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

NOTE 17: FINANCIAL INSTRUMENTS (Cont.)

	31 December 2010			
	Level 1	Level 2	Level 3	Total
	Euro in thousands			
Financial assets:				
Available-for-sale financial assets				
Unquoted equity shares ^(c)	-	-	2,824	2,824
Financial Assets carried at fair value through profit and loss				
Marketable securities ^(d)	54,379	-	-	54,379
Total	54,379	-	2,824	57,203
Financial liabilities				
Derivative instruments - swaps	-	(54,979)	-	(54,979)

There were no transfers between the levels during 2010.

(c) During 2010, the Group has recorded an investment in the unquoted equity shares in the amount of 73,000.

(d) The cost was 54,637,000 Euro. During the year the company recorded loss from fair value adjustment of securities in the amount of 231,000 Euros.

NOTE 18: 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 4.4 years). The majority of the leases include a clause to enable upward revision of the rental charge on an annual basis according to the CPI or the prevailing market conditions.

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

	Euro in thousands		
	For the year ended 31 December, 2012	For the year ended 31 December, 2011	For the year ended 31 December, 2010
Within one year	39,708	61,778	62,228
After one year but not more than five years	102,762	180,815	190,693
More than five years but not more than ten years	41,282	70,403	87,494
More than ten years but not more than fifteen years	8,571	11,676	15,930
More than fifteen years	68	600	1,216
	192,391	325,272	357,561

The decrease in future minimum rentals receivable is mainly due to loss of control over entities as detailed in note 19.

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

NOTE 19: DISPOSAL OF SUBSIDIARIES DURING THE YEAR

During December 2012 the Company was informed from one of its lenders who financed two portfolios that the Company did not meet the financial covenants set in the credit facilities. As the Company didn't correct the breach during the allowed period, the lender executed the rights provided in the facility agreement and a special servicer was appointed. The authorities of the Special Servicer include, among other, refusal to release cash from the rent accounts, approval of new lease agreements (and/or changes in the current rent agreements), approval of expenses, investments in the properties and budget management.

Consequently, the Company concluded that starting from December 2012 it does not maintain control over the relating entities and as a result, these are not consolidated in its Financial Statements.

The rentable area of the assets held by these entities is about 250 thousands sqm, with a value at the date of loss of control of around 242 million Euros and annual rental income of approximately 22 million Euros. The debt to the lender at the date of loss of control was about 244 million Euros. Following the loss of control, the Company holds shares of these entities which are classified as financial assets available for sale and value at zero.

Analysis of asset and liabilities over which control was lost

	As of December 13, 2012
	Euro (in thousands)
NON-CURRENT ASSETS:	
Investment properties	241,474
CURRENT ASSETS:	
Trade receivables	213
Prepaid expenses and other current assets	5,642
Cash and cash equivalents	639
NON-CURRENT LIABILITIES:	
Other long-term financial liabilities	7,105
Deferred tax liability	21
CURRENT LIABILITIES:	
Interest-bearing loans and borrowings	244,134
Trade and other payables	6,219
Net assets disposed of	(9,511)

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

NOTE 19: DISPOSAL OF SUBSIDIARIES (Cont.)

Gain on disposal of a subsidiary

	Period ended December 13, 2012
	Euro (in thousands)
Consideration received	-
Net liabilities disposed of	(9,511)
Cumulative loss on hedging instruments entered into for cash flow hedges reclassified in profit or loss on loss of control of subsidiary	7,080
Gain on disposal	(2,431)

NOTE 20: SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Refer to SGL half year condensed Consolidated Historical Financial Information as of June 30, 2013 for further information.

NOTE 21

THE COMPANY'S HOLDINGS AS OF DECEMBER 31, 2012

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

(*) From December 2012 these companies weren't included in the Consolidated Historical Financial Information of the company (see Note 19).

NOTE 21 (Continued)

	Principal activity	Country of incorporation	Direct and indirect holdings %
Summit Real-Estate Lavender GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Magenta GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Ruby GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Epsilon GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Krypton GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Bos GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Delphinus GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Formica GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Grey GmbH	Real Estate company	Germany	99.7%
Grundstücksgesellschaft Gewerbepark Hansalinie GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Kappa GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Lupus GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Omega GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Papilio GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Salmo GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Ursus GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Zeta GmbH	Real Estate company	Germany	99.7%
Gadelander Str. 77 Projekt GmbH	Real Estate company	Germany	99.7%
Cottbuser Str. 1 Projekt GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Camelus GmbH	Real Estate company	Germany	99.7%
Summit RE Hamburg GmbH	Real Estate company	Germany	99.7%
Deutsche Real-Estate AG	Intermediate holding company	Germany	80.33%
Summit RE Lambda GmbH	Intermediate holding company	Germany	100%
W2005 Projectpauli GmbH	Intermediate holding company	Germany	99.33%
W2005 Pauli 1 BV	Intermediate holding company	Netherlands	94.90%
DRESTATE Objekt Berlin, Friedrichstraße GmbH & Co. KG	Real Estate company	Germany	78.47%
GET Grundstücksgesellschaft mbH	Intermediate holding company	Germany	47.08%
DRESTATE Objekt Hamburg, Mendelssohnstraße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Stuttgart, Rosensteinstraße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Berlin, Hauptstraße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Düsseldorf, Bonner Straße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Limburgerhof, Burgunderplatz GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Ludwigshafen, Carl-Bosch-Straße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Böblingen, Otto-Lilienthal-Straße GmbH & Co. KG	Real Estate company	Germany	78.47%
GbR Heidelberg, Mannheimer Straße	Real Estate company	Germany	68.66%
DRESTATE Objekte Erste GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Saarbrücken, Kaiserstraße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Saarbrücken, Hafenstraße GmbH & Co. KG	Real Estate company	Germany	78.47%

NOTE 21 (Continued)

	Principal activity	Country of incorporation	Direct and indirect holdings %
DRESTATE Objekt Berlin-Teltow, Potsdamer Straße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Norderstedt, Kohfurth GmbH & Co. KG	Real Estate company	Germany	70.62%
DRESTATE Objekte Hamburg Vierundzwanzigste GmbH & Co. KG	Intermediate holding company	Germany	78.47%
DRESTATE Objekte Zweite GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt München, Maria Probst Straße GmbH & Co. KG	Real Estate company	Germany	78.47%
Achte TAXXUS Real Estate GmbH	Intermediate holding company	Germany	78.47%
DRESTATE Objekt Seesen, Rudolf-Diesel-Straße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Frankfurt, Zeil GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Carreé Seestraße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Services GmbH	Real Estate company	Germany	78.47%
Objekt Verwaltungs GmbH Deutsche Real	Intermediate holding company	Germany	39.24%
DRESTATE Objekte Dritte GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekte Vierte GmbH & Co. KG	Real Estate company	Germany	78.47%
Deutsche Shopping GmbH & Co. KG	Intermediate holding company	Germany	78.37%
Verwaltungsgesellschaft Objekte DRESTATE mbH	Intermediate holding company	Germany	39.24%
K-Witt Kaufzentrum Wittenau GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Worms, Am Ochsenplatz GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Gießen-Linden, Robert-Bosch-Straße GmbH & Co. KG	Real Estate company	Germany	78.47%
K-Witt Kaufzentrum Wittenau II GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Hamburg, Osterfeldstraße GmbH & Co. KG	Real Estate company	Germany	48.97%
DRESTATE Objekt Hamburg Pinkertweg GmbH	Real Estate company	Germany	78.47%
Grit 68. Vermögensverwaltungs GmbH	Real Estate company	Germany	78.47%
Verwaltung K-Witt Kaufzentrum Wittenau II GmbH	Real Estate company	Germany	78.47%
Beteiligungsgesellschaft Pinkertweg GmbH & Co. KG	Real Estate company	Germany	78.47%
Verwaltungsgesellschaft DRESTATE mbH	Real Estate company	Germany	78.47%
DRESTATE Wohnen GmbH	Real Estate company	Germany	78.47%
Verwaltungsgesellschaft Deutsche Real Estate mbH	Real Estate company	Germany	78.47%
Siebte Verwaltungsgesellschaft DRESTATE mbH	Real Estate company	Germany	78.47%

The Asset Manager holds B shares in Summit Finance Limited. This holding will confer the right to receive the carried interest (referred to in Note 18 to the Consolidated Historical Financial Information) and the right to receive the value of its carried interest on a return of capital. Other than this, this holding will carry no economic entitlement and accordingly, will not be accounted for as a minority interest in the Group's Consolidated Historical Financial Information.

NOTE 22: OPERATING SEGMENTS

Segment information is presented in respect of the Group's operating segments. The operating segments are based on the Group's management and internal reporting structure. Segment results and assets include items directly attributable to a segment as well as those that can be allocated to a segment on a reasonable basis.

Management considers that there is only one geographical segment which is Germany and one reporting segment which is investment in commercial property.

**SECTION C – UNAUDITED INTERIM RESULTS OF THE GROUP FOR THE SIX MONTHS ENDED
30 JUNE 2013**

SUMMIT GERMANY LIMITED
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2013

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		June 30		December 31,
		2013	2012	2012
		(Unaudited)		(Audited)
Note		Euro (in thousands)		
ASSETS				
NON-CURRENT ASSETS:				
		123	176	147
Property, plant and equipment				
Investment properties	5	506,234	806,348	515,205
Intangible assets		30	57	48
Other long-term financial assets	3	8,692	4,028	4,215
Financial instruments assets		1,342	-	-
Deferred tax asset		681	895	857
Total non-current assets		517,102	811,504	520,472
CURRENT ASSETS:				
		2,143	1,727	1,971
Trade receivables				
Prepaid expenses and other current assets		9,767	14,817	8,616
Receivables from related parties	6	21,377	24,234	19,196
Investment in marketable securities at fair value through profit and loss	7	10,862	68,361	41,552
Cash and cash equivalents		18,985	12,208	41,573
Property held for sale	5, 11	10,600	-	-
Total current assets		73,734	121,347	112,908
Total assets		590,836	932,851	633,380

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		June 30		December 31,
		2013	2012	2012
		(Unaudited)		(Audited)
	Note	Euro (in thousands)		
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	10	(*) -	(*) -	(*) -
Distributable reserve		292,007	292,007	292,007
Reserves due to transactions with principal shareholder		2,216	2,216	2,216
Net unrealized gain reserve		(2,008)	(38,056)	(23,220)
Retained losses		(118,471)	(93,733)	(138,456)
Equity attributable to the owners of the Company		173,744	162,434	132,547
Non controlling interests		3,210	774	2,130
Total equity		176,954	163,208	134,677
NON-CURRENT LIABILITIES:				
Interest-bearing loans and borrowings	4	287,524	675,657	344,396
Shareholders loans	6	45,159	-	-
Other long-term financial liabilities		2,237	2,179	2,304
Financial instrument derivatives	7	16,889	40,244	24,475
Deferred tax liability		3,628	1,389	2,019
Total non-current liabilities		355,437	719,469	373,194
CURRENT LIABILITIES:				
Interest-bearing loans and borrowings	4	36,385	21,472	102,695
Payables to related parties	6	143	48	38
Tax liabilities		4,649	7,840	6,742
Trade and other payables		17,268	20,814	16,034
Total current liabilities		58,445	50,174	125,509
Total liabilities		413,882	769,643	498,703
Total equity and liabilities		590,836	932,851	633,380

(*) No par value.

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

January 21, 2014

Date of approval of the
financial statements

Zohar Levy
Director

Timothy Gordon Parkes
Director

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Six months ended June 30	Year ended December 31,
		2013	2012
		(Unaudited)	(Audited)
		Euro (in thousands)	
Rental income		20,386	32,128
Operating expenses		(1,308)	(1,718)
Gross profit		19,078	30,410
General and administrative expenses		(1,963)	(3,856)
Fair value adjustments of investment properties		(1,302)	(1,242)
Other income		658	1,258
Operating profit		16,471	26,570
Financial income	8	34,982	42
Financial expenses	8	(33,479)	(20,370)
Total financial (expenses) income		1,502	(20,328)
Profit (loss) before taxes on income		17,973	6,242
Income tax income (expenses)		(816)	465
Profit (loss) for the period		17,157	6,707
Other comprehensive income and expenses:			
Items that may be reclassified subsequently to profit or loss:			
Net loss arising on revaluation of available-for-sale financial assets during the period		(30)	(155)
Reclassified to profit and loss of ineffective hedging reserve net		23,070	-
Net gain on hedging instruments entered into for cash flow hedges		2,080	4,117
Reclassification adjustment for fixed interest hedge amount recognized in profit or loss on deconsolidation		-	-
Other comprehensive income for the period, net of tax		25,120	4,117
Total comprehensive income (expenses) for the period		42,277	10,824
Profit (loss) attributable to:			
Owners of the Company		19,985	6,527
Non-controlling interests		(2,828)	180
		17,157	6,707
Total comprehensive income (expenses) attributable to:			
Equity shareholders		41,197	10,481
Minority interests		1,080	343
		42,277	10,824
Earnings (loss) per share:	9		
Basic		0.073	0.024
Diluted		0.073	0.024

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

Equity attributable to owners of the Company

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(**) Other comprehensive profit is as a result of change in derivative.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Equity attributable to owners of the Company

	Issued capital (Note 10)	Share premium	Distribution Reserve	Reserves due to transactions with principal shareholder			Net unrealized gain reserve	Retained Earnings (Deficit)	Total	Non-Controlling interests	Total equity
				Euro in thousands							
Balance at January 1, 2012	(*) -	-	292,007	2,216	(42,010)	(100,260)		151,953	431	152,384	
Loss for the period	-	-	-	-	-	6,527		6,527	180	6,707	
Other comprehensive profit (loss) for the period, net of income tax (**)	-	-	-	-	3,954			3,954	163	4,117	
Total comprehensive profit (loss)	-	-	-	-	3,954	6,527		10,481	343	10,824	
Balance at June 30, 2012	(*) -	-	292,007	2,216	(38,056)	(93,733)		162,434	774	163,208	

(*) No par value.

(**) Other comprehensive profit is as a result of change in derivative.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Equity attributable to owners of the Company

	Reserves due to transactions with principal shareholder							Total	Non-Controlling interests	Total equity
	Issued capital (Note 10)	Share premium	Distribution Reserve	Net unrealized gain reserve	Retained Earnings (Deficit)	Total				
							Euro in thousands			
Balance at December 31, 2011	(*) -	-	292,007	2,216	(42,010)	(100,260)	151,953	431	152,384	
Loss for the year	-	-	-	-	-	(38,196)	(38,196)	1,076	(37,120)	
Other comprehensive profit (loss) for the year, net of income tax (**)	-	-	-	-	18,790	-	18,790	623	19,413	
Total comprehensive profit (loss)	-	-	-	-	18,790	(38,196)	(19,406)	1,699	(17,707)	
Balance at December 31, 2012	(*) -	-	292,007	2,216	(23,220)	(138,456)	132,547	2,130	134,677	

(*) No par value.

(**) Other comprehensive profit is as a result of change in derivative.

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30		Year ended December 31,
	2013	2012	2012
	(Unaudited)		(Audited)
	Euro (in thousands)		
<u>Cash flows from operating activities:</u>			
Profit (loss) for the period	17,157	6,707	(37,120)
Adjustments to reconcile loss to net cash provided by operating activities:			
Deferred taxes	808	(101)	197
Sale of subsidiaries	(430)	-	(2,431)
Financial (income) expenses, net	(1,060)	20,329	39,674
Fair value adjustment of investment properties	1,302	1,242	51,651
Gain from disposal of property	-	(1,260)	(1,260)
Loss from available for sale financial assets	(443)	621	921
Depreciation of property, plant and equipment	30	36	73
Amortization and impairment of intangible assets	113	2	(69)
	320	20,869	88,756
Changes in operating assets and liabilities:			
Decrease in trade receivables	(170)	912	455
Increase (Decrease) in trade and other payables	38	3,132	1,919
Increase (Decrease) in payables to related parties and shareholders	(50)	(5,307)	93
Increase in prepaid expenses and other current assets	(5,035)	(3,875)	(1,949)
Increase (Decrease) in other non current liabilities	3	(23)	102
	(5,214)	(5,161)	620
Net cash flows provided by operating activities	12,263	22,415	52,256
<u>Cash flows from investing activities:</u>			
Additions of property, plant and equipment	(6)	(6)	(14)
Additions of intangible assets	(3)	-	(12)
Proceeds from (payment) in respect to acquisition of Marketable securities	30,954	(13,763)	13,829
Change in deposits	(119)	1,937	1,177
Increase in loan to 3rd party	(2,977)	-	-
Additions to investment properties	(1,096)	(1,242)	(1,982)
Proceeds from sale of investment property	-	4,100	4,100
Interest income received	60	42	116
Decrease from sale of financial instruments	(30)	(60)	37
Increase in balance with related party	-	-	(391)
Disposal of subsidiaries (appendix A)	-	-	(639)
Net cash flows provided (used) in investing activities	26,783	(8,992)	16,221
<u>Cash flows from financing activities:</u>			
Receiving of borrowings from banks	281,149	-	17,500
Changes of borrowings from related parties	42,364	-	-
Repayment of borrowings	(372,419)	(5,983)	(30,337)
Interest expense paid	(12,343)	(19,292)	(37,811)
Increase of other long term assets	-	-	(316)
New capitalisation of cost of raising loans	(385)	-	-
Net cash flows used in financing activities	(61,634)	(25,275)	(50,964)
Increase (Decrease) in cash and cash equivalents	(22,588)	(11,852)	17,513
Cash and cash equivalents at beginning of period	41,573	24,060	24,060
Cash and cash equivalents at end of period	18,985	12,208	41,573

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT.)

APPENDIX A:

	Six months ended June 30		Year ended
	2013	2012	December 31,
	(Unaudited)		(Audited)
	Euro (in thousands)		
Working capital	-	-	(364)
Investment properties	-	-	241,474
Interest bearing loans and borrowings	-	-	(244,134)
Other long term financial liabilities	-	-	(7,126)
Reclassification adjustment for fixed interest hedge amount recognised in profit or less	-	-	7,080
Gain from disposal of subsidiaries	-	-	2,431
Total disposal of subsidiaries	-	-	(639)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: GENERAL

- A. Summit Germany Limited (the: “Company”) and its subsidiaries (together: the “Group”) is a German property specialist fund. The Company was incorporated and registered in Guernsey on April 19, 2006. The Company is a closed ended authorised investment scheme registered under The Protection of Investors Law (Bailiwick of Guernsey) 1987. The parent company of the Group is Summit Real Estate Holdings Ltd (hereinafter: “SHL”).

In December 2013, the Company had approved to apply to the Guernsey Financial Services Commission (the “GFSC”) for consent to deregister as a closed ended authorised investment scheme under The Protection of Investors Law (Bailiwick of Guernsey) 1987, subject to the required shareholder approval being granted.

The Company 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 Company invests primarily in such properties that provide substantial occupancy rates and income flows. The Company does not acquire properties for speculative purposes.

B. Financial Position and major refinancing arrangements made during the reporting period

The continued global financial crisis has significantly impacted the credit markets and property values all across the globe, including the German market.

Consequently, the risk inherent in the Group’s credit facilities agreements which were due for repayment during 2013 and 2014 had increased significantly. As at 31 December 2012, the Group’s bank borrowings amounted to €447 million, of which €103 million were classified in current liabilities due to the fact that their payment date was during 2013. The decrease in the bank borrowings from December 31 2012 to the balance sheet date resulted mainly from the transaction described below.

On February 27, 2013 the Company and Royal Bank of Scotland (“RBS”) completed a re-financing of non-recourse debt of €401 million at that date (and which included € 95 million due to be repaid during 2013) that financed 3 asset portfolios that included 88 assets of the Group which fair value on December 31, 2012 was approximately €463 million (the: “RBS Facilities”). The assets include rental space of about 585 thousand square meters, and produce annual rental income of about €38 million.

As a part of the transaction with RBS, the Company acquired through a subsidiary, Gallia Invest, a portion of RBS bank loan in the amount of €120 million (“B-NOTE” or “Junior Tranche”) for a consideration of €90 million. As a result, Gallia has become a creditor of the holding property subsidiaries (“property companies”) holding the Junior Tranche of €120 million and RBS holds the Senior Tranche of €281 million.

The Company financed this acquisition partly by its own funds and partly by a loan received from SHL in the amount of € 46.5 million (the: “Shareholder Loan”). To finance the Shareholder Loan, SHL issued bonds (the: “Bonds”) to the public with recourse. The terms of the shareholders loan are back to back to the terms of the bonds. For further details on the shareholders loan terms as well as securities granted please see note 4(A)(1).

The Group liability to RBS was reduced by about €120 million for a consideration of €90 million therefore the Group has recorded a profit of approximately €30 million. For further details on the new terms of RBS loans please see note 4(A)(2).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: GENERAL (Cont.)

B. Financial Position and major refinancing arrangements made during the reporting period (cont.)

The interest rate swaps on these facilities (the “Old Swaps”) became ineffective after the refinancing transaction described above and their remaining amounts mature in 2014 and 2015. The hedging reserve related to the old swaps (€23 million) was recognized in profit and loss (financial expenses). Starting from the refinancing transaction date (February 2013), the revaluation gain of the old swaps has been recognized in profit and loss (€4.2 million financial incomes to June 2013).

New interest rate swaps were put in place to hedge against the floating interest of RBS loans.

As at 30 June 2013, the Group’s bank borrowings amounted to €324 million, of which €36 million were classified in current liabilities due to the fact that their payment date was within one year period.

After the end of the reporting period, the Company has refinanced a loan of €24 million which was due in 2014, to be payable in 2018 (see note 4B) – which has strengthened further the working capital.

The Group’s property portfolio continues to generate a positive cash flow that enables the Group to service the on-going interest and amortisation of these obligations.

NOTE 2: ACCOUNTING POLICIES

Basis of preparation:

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

Going concern:

The Company has a positive working capital in amount of €19.8 million and positive cash flows from operating activities in amount of €12.3 million. After the reporting period, the Company refinanced a loan in the amount of €24.1 million which is presented in these financial statement in short term liabilities (for additional information of the refinance transaction and the Company financial covenants, please see note 4). As a result of these factors as well as the factors mentioned in note 1, the directors are satisfied that the Group has sufficient resources to continue its operations in the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, the directors continue to adopt the going concern basis in preparing the condensed financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: ACCOUNTING POLICIES (Cont.)

Adoption of new and revised standards and interpretations:

In the current financial year, the Group has adopted the amendments to IAS 1 “Presentation of items of Other Comprehensive Income”, and IFRS 13 “Fair Value Measurement”. Otherwise, the same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group’s latest annual audited financial statements.

The amendments to IAS 1 require items of other comprehensive income to be grouped by those items that will be reclassified subsequently to profit or loss and those that will never be reclassified, together with their associated income tax. The amendments have been applied retrospectively, and hence the presentation of items of comprehensive income have been restated to reflect the change. The effect of these changes is evident from the condensed consolidated statement of comprehensive income.

IFRS 13 has impacted the measurement of fair value for certain assets and liabilities as well as introducing new disclosures, as set out in note 7. The Company estimates there is no material effect on amounts reported in the condensed consolidated financial statements.

NOTE 3: OTHER LONG TERM FINANCIAL ASSETS

In May 2013, a subsidiary of the Company entered into an agreement to provide funding for two residential projects in Berlin up to a sum of €4.5 million (€1.9 million for the first project and € 2.6 million for the second). The Company shall be entitled to a minimum interest rate of 15% plus a share in projects’ profits. The loans and accrued interest are repayable from the revenues of the projects, but in any event not later than May 2016.

Up to the balance sheet date, the Company provided to the entrepreneurs €3.2 million of the loan amount.

After the balance sheet date a subsidiary of the Company engaged in a third project where the financing is up to €1.7 million, under the same terms as above. Since then the Company provided a further loan of €1.2 million.

To secure the recoverability of these loans, the Company received a lien over the shares of the entrepreneurial companies and lien rights over the projects and their income. In addition, the loans are secured by personal guarantees of shareholders of the entrepreneurial companies and the developers have obliged not to grant a lien naming rights over the project, except a lien in favor of the financing bank, and not to allot any securities of entrepreneurial companies without the consent of the Company.

The projects are available for immediate construction which is expected to begin in the coming months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4: INTEREST-BEARING LOANS AND BORROWING

As at 30 June 2013, the Group's bank borrowings amounted to €324 million, of which €36 million were classified in current liabilities due to the fact that their payment date was within one year period.

A. major refinancing arrangements made during the reporting period

On February 27, 2013 the Company and Royal Bank of Scotland ("RBS") completed a re-financing of non-recourse debt of €401 million at refinancing date (and which included € 95 million due to be repaid during 2013). This debt financed 3 asset portfolios that included 88 assets of the Group which fair value on December 31, 2012 was approximately €463 million (the: "RBS Facilities"). The assets include rental space of about 585 thousand square meters, and produce annual rental income of about €38 million.

As a part of the transaction with RBS, the Company acquired through a subsidiary, Gallia Invest, a portion of RBS bank loan in the amount of €120 million ("B-NOTE" or "Junior Tranche") for a consideration of €90 million. As a result, Gallia Invest has become a creditor of the holding property subsidiaries ("property companies") holding the Junior Tranche of €120 million and RBS holds the Senior Tranche of €281 million).

The Company financed this acquisition partly by its own funds and partly by a loan received from SHL in the amount of € 46.5 million (the: "Shareholder Loan"). To finance the Shareholder Loan, SHL issued bonds (the: "Bonds") to the public with recourse. The terms of the Shareholders loans are back to back with the terms of the bonds. For further details on the shareholders loan terms, the securities provided and covenants please see A1 below.

The Group liability to RBS was reduced by €120 million for a consideration of €90 million therefore the Group has recorded a profit this period of approximately €30 million.

The interest rate swaps on these facilities (the "Old Swaps") became ineffective after the refinancing described above when their remaining notional mature in 2014 and 2015. The hedging reserve related to the old swaps (€23 million) was recognized in profit and loss (financial expenses). Starting from the refinancing date (February 2013), the revaluation gain of the old swaps has been recognized in profit and loss (€4.2 million financial income to June 2013).

New interest rate swaps were put in place to hedge against the floating interest of RBS loans.

After the end of the reporting period, the Company has refinanced a loan of €24 million which was due in 2014, to be payable on September 2018 (see note 4B)– which has strengthened further the working capital.

The Group's property portfolio continues to generate a positive cash flow that enables the Group to service the on-going interest and amortisation of these obligations.

NOTE 4: INTEREST-BEARING LOANS AND BORROWING (cont.)

A. Major refinancing arrangements made during the reporting period (Cont.)

1) The terms and conditions of Shareholder loan and Bonds are described as follow:

The issued bonds are denominated in New Israeli Shekel (NIS) and bear an annual interest rate of 9.5%. Consequently, the Shareholder Loan received from SHL is denominated in NIS and bears interest of 9.5%, being back to back to the Bonds terms. The Company has acquired a currency hedging instrument to mitigate the cash flow currency exposure of this loan.

The shareholder loan interest is paid twice a year, and semiannual principal payments of around 6%-8% in 2014 to 2018, with remaining principal payment (of around €17 million) in 2019 as back to back to the bonds repayments terms.

The Company (or its relevant subsidiaries) granted the following securities to the bonds holders (through the Debenture Security Trustee) to secure the payments:

- a. Assignment of all the Junior Tranche's rights under the RBS Facilities, including its right to be paid interest and principal.
- b. Assignment of all assets held, including cash, and all rights regarding the bank accounts held by Gallia Invest and another special purpose subsidiary, Summit LoanCo Ltd ("LoanCo") which receive surplus rental income from the RBS facilities asset portfolio after repayment of the Senior Tranche under the RBS Facilities. The Debenture Trustee (of the Bond Holders) has signing rights over the bank accounts which receive surplus rental income from the RBS facilities portfolio after repayments under the RBS Facilities.
- c. Bonds interest is paid from these accounts and upon meeting the conditions detailed below, the Debenture Trustee gives its consent to release any surplus funds to the Group:
 - Gallia Invest and Loanco dedicated accounts are "Assigned Accounts". At all times the amounts deposited in the Assigned Accounts, together with a bank guarantee provided to the Debenture Holders (the amount of the guarantee as of June 30, 2013 is €4.9 million), shall not be less than 10% of the outstanding debt to the Bond Holders (€49 million as of June 30, 2013) ("Guaranteed Amount").
 - In the event that:
 - i. The amounts accumulated in the Assigned Accounts exceed the Guaranteed Amount and-
 - ii. The ratio of:
 - (a) The gross profits from the real estate properties in the Clara, Z3 and Z6 portfolios for the 6 months ending prior to the date of calculation (NOI), less principal and interest payments to RBS on account of the Clara, Z3 and Z6 credit facilities during same 6 month period; and
 - (b) The aggregate outstanding principal and interest due to the Bond Holders for the period of 6 months beginning on the date of calculation.

Is not less than 1.3, after the release of the requested funds, SHL may request the debenture trustee to release surplus amounts.

NOTE 4: INTEREST-BEARING LOANS AND BORROWING (cont.)

A. Major refinancing arrangements made during the reporting period (Cont.)

1) The terms and conditions of Shareholder loan and Bonds are described as follow: (Cont.)

- d. Pledges and assignment over shares and rights in Gallia Invest and LoanCo (subsidiary companies), together with the right to all present and future dividends and distributions of any kind and any other sums received or receivable in respect of such shares.
- e. An undertaking by SHL that, except in connection with a refinancing of such assets under terms agreed with RBS, the property companies owning the properties within the Group's Z3, Z6 and Clara portfolios, will not grant any further pledges, enter into additional loans, incur new liabilities or grant any guarantees other than immaterial liabilities towards authorities, suppliers etc. in the ordinary course of business.

Further SHL undertook towards the Debenture Holders to meet certain covenants which are checked twice a year:

- a) SHL's equity capital, less minority rights, according to its consolidated financial reports, shall not be less than NIS 300 million (approximately €65 million).
- b) The Debt Coverage Ratio is equal to or higher than 1.15. "Debt Cover Ratio" is defined as the ratio of (a) the gross profits from the real estate properties in the Clara, Z3 & Z6 portfolios for the 6 months ending prior to the date of calculation (NOI), plus the Guaranteed Amount, less principal and interest payments to RBS on account of the Clara, Z3 & Z6 credit facilities during same 6 month period; and (b) the aggregate outstanding principal and interest due to the Debenture Holders for the period of 6 months beginning on the date of calculation.
- c) The ratio between the Calculated Equity Capital (as defined hereunder) and the total assets of SHL shall not be less than 15%. "Calculated Equity Capital" - the equity capital (including minority rights), plus the amount of obligations in connection to SWAP transactions made in connection with the RBS facilities, as appearing in SHL's financial reports.

In the event that conditions a), b) or c) are not met, the interest charged on the debentures (and consequently – the SHL loan) will increase by not more than 1% until the breach is cured. The increase of the interest will be done once for breach of each covenant above.

The debentures (and consequently – SHL loan) will be immediately payable if:

- 1. Condition a) is not met for two consecutive quarters
- 2. The debt coverage ratio is less than 1.05 for four consecutive quarters
- 3. The ratio between the Calculated Equity Capital and the total assets of SHL is less than 13% for two consecutive quarters.

NOTE 4: INTEREST-BEARING LOANS AND BORROWING (cont.)

A. Major refinancing arrangements made during the reporting period (Cont.)

1) The terms and conditions of Shareholder loan and Bonds are described as follow: (Cont.)

4. The debentures and consequently the shareholders loan will be due to payment upon occurrence of other events, such as - the amount in the Assigned Accounts plus the Bank Guarantee is less than the Guaranteed Amount and breach not cured during two consecutive quarters, failure to comply with payments schedules, material deterioration of SHL's financial position such that raises significant concerns on its ability to comply with the debenture payment terms, significant deterioration of the Bonds rating, foreclosure/liquidation proceedings of SHL, Material change of business activity (i.e – if SHL is no longer engaged in real estate).

To the date of this report, the Company and SHL comply with all the covenants described above.

In order to mitigate the uncertainty involved with the Covenants of the Debentures, Zohar Levy and Summit Holding Ltd. have committed to:

- Zohar committed not to sell shares in SHL which would result in him losing control of SHL, unless such sale does not trigger a breach of covenant in relation to the E Debenture/B Note or an acceleration of any of the SGL's debt to SHL
- SHL committed to exercise the rights attaching to its shares in SGL in a manner consistent with procuring that all required actions needed in order to release funds from the E debentures trustee account will be performed
- For the period ending 24 months after the date of Admission: SHL undertake to SGL that direct property acquisitions (at the level of SHL) in excess of 100 million Euros, would require a prior approval from the board of SGL

2) The main new Terms and Conditions of RBS loan following the refinancing are:

- a) The repayment of the remaining bank loans of approximately €281 million was extended to December 31, 2017
- b) LTV (Loan to Value) holiday until April 2015 and then 85% until April 2016 and 80% thereafter
- c) Interest cover ratio ("ICR") between 110% - 125%
- d) Debt service coverage ratio ("DSCR") – 105%
- e) The Company is committed to sell or refinance with other lenders real estate properties valued at approximately €100 million until 2017 as follows - €10million in 2013, €15 million in 2014, and €25 million in 2015-2017. Sale of properties is not limited to specific portfolio/property and/or specific timing during the year. In 2013, the Company sold real estate assets for a total consideration of €12 million (the €2 million surplus will be transferred to 2014). Upon selling of assets, loan principal will be repaid to RBS as allocated to the sold property and multiplied by "release price" ratio of 1.15. the excess of repayment will be allocated to the remaining properties.
- f) According to the agreed waterfall, each month 11% of the rent proceeds are being released for the portfolios activity and each quarter RBS debt service is being paid first, a further release is done if the expenses exceeded 11%, and the remaining is allocated to debt service of the B note.

To the date of this report the Company complies with all the Covenants under the RBS credit facilities agreements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4: INTEREST-BEARING LOANS AND BORROWING (cont.)

- B.** A non - recourse loan of a subsidiary of the Company (the "Borrower") in the amount of €24.1 million was extended until January 2014 following an injection of € 1.6 million from the deposit which was pledged to the lender. In addition, the Borrower has agreed to invest an additional €650 thousand in adjustments of certain lettable areas to new tenants should it be required and to meet certain occupancy targets which were to be measured in April 2013.

In April 2013 the lender contacted the Borrower to test the occupancy target. As a dispute with the lender arose whether the target was met both parties agreed that the borrower will make unscheduled partial repayment in amount of €353 thousand and further unscheduled partial repayment of € 400 thousand if no signed term sheet to refinance the property exists with a new lender, while repayment date remains on January 2014.

On November 2013 this loan was refinanced, with Deutsche Genossenschafts-Hypotheckenbank AG (DG Hyp). The new loan of €23.5 million is scheduled for repayment on September 30 2018 with an annual amortization of 0.5%, bearing interest of 1.64% + 3month Euribor hedged at 1.0175%, secured by first ranking mortgage, subordination of shareholders loan, guarantee to full occupancy and subject to several covenants as follows:

LTV (Loan to Value) holiday until November 2015 and then 75% until November 2017 and 70% thereafter, debt service coverage ratio ("DSCR")- 145%.

NOTE 5: INVESTMENT PROPERTIES

	Euro in thousands
Balance at December 31, 2011	809,188
Disposal during the year ^(a)	(2,840)
Additions during the year	1,982
Fair value adjustments during the year	(51,651)
Exit from consolidation (see note 19 to annual report)	(241,474)
Balance at December 31, 2012	<u>515,205</u>
Disposal during the period ^(b)	-
Additions during the period	2,931
Reclassification to property held for sale	10,600
Fair value adjustments during the year	(1,302)
Balance at June 30, 2013	<u>506,234</u>

The investment properties are stated at fair value, which has been determined based on valuations performed by external experts. The fair value represents the amount at which the assets could be exchanged between a willing buyer and willing seller in an arm's length transaction at the date of valuation, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. These assumptions are predicated on the on-going funding by the Group's lenders. The valuations are based on the income approach. This approach involves a direct capitalisation of the net income and, in respect of buildings under renovation, a discounted cash flow analysis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5: INVESTMENT PROPERTIES (Cont.)

Disposals

- (a) On March 26, 2012 a group subsidiary signed an agreement to sell real estate asset located in Cologne, for a total consideration of €4.1 million. The asset was partially vacant and in 2011, yielded a rent income of €221 thousands. The Company has recognised a profit of €1.3 million that resulted from the sale.
- (b) See note 11 for details on disposals after the end of the current reporting period.

NOTE 6: BALANCES AND TRANSACTIONS WITH RELATED PARTIES

	Amounts owed by related parties			Amounts owed to related parties		
	June 30		December 31	June 30		December 31
	2013	2012	2012	2013	2012	2012
Loan to related party ^(a)	21,242	24,099	18,670	(b) 46,518	-	-
Other related parties	135	135	526	143	48	38
	<u>21,377</u>	<u>24,234</u>	<u>19,196</u>	<u>46,661</u>	<u>48</u>	<u>38</u>

- (a) The balance bears 9.5% interest.
- (b) Including €1,359 thousands which classified in current liabilities as short term accrued interest. See note 4(A) for further information

After the balance sheet date the Board has approved as preparation to the planned relisting of the Company's shares, a buyback of 36,000,000 shares from Unifinter administratiekantoor B.V., in a share price of 59.55 cents. The resolution was approved by shareholders and the share repurchased contract was signed on December 31, 2013. The parties agreed the consideration of this purchase will offset the outstanding receivables from Unifinter administratiekantoor B.V. in amount of €21.2 million. For further information see note 11D.

NOTE 7: FINANCIAL INSTRUMENTS' FAIR VALUE DISCLOSURES

Fair value of financial instruments carried at amortised cost:

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

Fair value measurements recognised in the statement of financial position:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: FINANCIAL INSTRUMENTS' FAIR VALUE DISCLOSURES (Cont.)

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

June 30 2013				
	Level 1	Level 2	Level 3	Total
	Euro in thousands			
Financial assets:				
Available-for-sale financial assets				
Unquoted equity shares ^(a)	-	-	2,657	2,657
Hedging instruments				
Foreign currency exchange instruments (see also note 4A)	-	2,099	-	2,099
Derivative instruments	-	1,342	-	1,342
Financial Assets carried at fair value through profit and loss				
Marketable securities ^(b)	10,862	-	-	10,862
Total	<u>10,862</u>	<u>3,441</u>	<u>2,657</u>	<u>16,960</u>
Financial liabilities				
Derivative instruments - swaps ^(c)	-	(18,792)	-	(18,792)

(a) During the six month ended June 30, 2013 the Group has recorded increase in value of investment in the unquoted equity in the amount of € 30 thousand.

(b) The Change in Marketable securities from December 31, 2012 resulted mainly from sale of securities in amount of €31 Million to finance the transaction detailed in note 4A.

(c) The change in derivative instruments from December 31, 2012 to June 30, 2012 was due to revaluations.

December 31 2012				
	Level 1	Level 2	Level 3	Total
	Euro in thousands			
Financial assets:				
Available-for-sale financial assets				
Unquoted equity shares ^(a)	-	-	2,627	2,627
Financial Assets carried at fair value through profit and loss				
Marketable securities ^(b)	41,552	-	-	41,552
Total	<u>41,552</u>	<u>-</u>	<u>2,627</u>	<u>44,179</u>
Financial liabilities				
Derivative instruments - swaps	-	(30,141)	-	(30,141)

There were no transfers between the levels during the year.

(b) During 2012, the Group has recorded decrease in value of investment in the unquoted equity shares in the amount of €37 thousand.

(b) The cost was €41.7million. During the year the Company recorded loss from fair value adjustment of securities in the amount of €166 thousand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8: FINANCIAL EXPENSES (INCOME)

	Six months ended June 30		Year ended
	2013	2012	December 31
	Euro in thousands		
Financial expenses:			
Interest on bank borrowings	13,238	19,398	38,576
Cost of raising loans -amortization	938	537	969
Ineffective hedge instruments reserve ^(a)	18,790	-	-
Other	512	434	245
Total financial expenses	33,479	20,370	39,790
Financial income:			
Interest income on short-term deposits	60	42	116
Profit from refinancing (see note 4A)	30,000	-	-
Profit/loss for exchange	3,116	-	-
Other	1,806	-	-
Total financial income	34,982	42	116

- (a) On February 2013, the interest rate swap arrangements that hedged the cash flow of the Bank loans floating interest (the "Old Swap") became ineffective following the refinancing transaction describe in note 4A. Therefore the hedging reserve related to the old swap (in the amount of €23 million) was recognized in profit and loss (financial expenses). Starting from the refinancing transaction date, the revaluation gain of the old swap has been recognized in profit and loss (€4.2 million financial income to June 2013).

NOTE 9: EARNINGS PER-SHARE

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

	Six months ended June 30		Year ended
	2013	2012	December 31
	Euro in thousands		
Earnings			
Earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company	19,985	6,527	(38,196)
	Six months ended June 30		Year ended
	2013	2012	December 31
	in thousands		
Number of shares			
Weighted average number of ordinary shares for the purposes of the basic earnings per share	275,000	275,000	275,000
Effect of dilutive potential ordinary shares	-	-	-
Weighted average number of ordinary shares for the purposes of the diluted earnings per share	275,000	275,000	275,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9: EARNINGS PER-SHARE (Cont.)

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

	Six months ended June 30		Year ended December 31
	2013	2012	2012
Earnings for the purpose of basic and earnings per share	0.073	0.024	(0.139)
Earnings for the purpose of diluted and earnings per share	0.073	0.024	(0.139)

NOTE 10: SHARE CAPITAL

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

	Issued and outstanding Number of shares
At June 30, 2013, June 30, 2012 and December 31, 2012	275,000,000

After the balance sheet date the Board has approved, a share repurchase agreement of 36,000,000 shares from Unifinter administratiekantoor B.V., in a share price of 59.55 cents. The said shares are cancelled upon completion. Following the resolution approval by shareholders the share repurchased contract was signed by the parties on December 30, 2013.

- b. Distributable reserve:

In accordance with the law, any distribution is subject to a solvency test to determine whether the Company is able to distribute funds to shareholders.

NOTE 11: SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- A. On May 16, 2013 the Company has signed an agreement to sell real estate property in Frankfurt, Germany, for approximately €10.6 million. The property of approximately 3,000 sqm is for commercial and office use, the rental income in 2012 was about €560 thousand.

The transaction was completed in July 2013.

In addition, the Company has signed an agreement to sell a non-yielding plot of unused land situated close to another Company property for about 430 thousand Euros.

Proceeds from selling these assets, based on the agreements, are to be €11 million, the assets carrying amounts is approximately €9.4 million.

Both of these assets are included in a portfolio re- financed by the RBS in February 2013 (as detailed in note 4A).

The total debt to the Bank in respect of these assets is approximately €6.8 million.

Under the agreement with the Bank, the amount of approximately €7.4million of proceeds from selling the mentioned assets will be used for reducing the Company's total debts to RBS and its subsidiaries (see note 4A for further details on that re-financing agreement).

NOTE 11: SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD (Cont.)

- B. On November 2013 the Company sold a Real estate property located in former East Germany, for €925 thousand. The property was sold for its carrying amount, the excess cash flow to the Company provided by this deal, after repayment of the allocated bank debts about €250 thousands. The property of approximately 950 sqm is for commercial use. The property is leased to a single tenant for a short period. The annual rental income from the lease of property above is approximately €98 thousand.

The property is included in a portfolio financed by the RBS (as detailed in note 4A).

The total debt to the Bank in respect of this asset is about €540 thousand. Under the agreement with the bank, a total of about €620 thousand from the sale proceeds will be used to reduce the total debts of the Company and its subsidiaries to RBS.

- C. For more information on the refinanced loan in the amount of €24 million see note 4B.
- D. In December 2013, SHL entered into a conditional agreement (the “**Valentine Loan Sale Agreement**”) with the special servicer of the Valentine Facility to acquire the loan (together with the subordinated benefit of the existing security package) relating to the Valentine Portfolio, the outstanding balance is approximately €74 million (the “**Valentine Loan**”) and certain loans within the DT12 Portfolio with an outstanding balance of approximately €53 million (the “**DT12 Loans**”). The price payable by Summit for the Valentine Loan and the DT12 Loans is €42.5 million plus certain costs and expenses. In certain circumstances additional consideration maybe be required to be paid on a deferred basis, depending on the aggregate sales price achieved for the DT12 Portfolio properties pursuant to the DT12 Work-out arrangement (see note 11E below). In January 2014, Summit granted the Company a call option agreement (the “**Valentine Option**”) which gives the Company the right to be assigned Summit’s rights under the Valentine Loan Sale Agreement to acquire the Valentine Loan and the DT12 Loans from the special servicer. The Valentine Option is exercisable by the Company at any time before 26 March 2014. If the Company elects to exercise the Valentine Option, the Group will regain control of the Valentine Portfolio. The Directors have not yet determined whether or not the Group will exercise the Valentine Option and no assurance can be given that the Company will acquire the loans.
- E. In December 2013, the Company and the Group subsidiaries that own the properties in the DT12 Portfolio entered into a consensual work-out arrangement with the special servicer of the DT12 Portfolio pursuant to which it is intended that the 12 properties within the DT12 Portfolio will be sold by February 2015 (the “**DT12 Work-out**”). As part of this arrangement, the special servicer has agreed that, for as long as the terms of the Valentine Work-out and the DT12 Work-out are being complied with, the special servicer will not exercise or enforce its rights in respect of the defaults under the DT12 Portfolio financing arrangements as assigned to it by the lender. Until the DT12 Portfolio properties are sold, the Group will provide management services to the properties and will receive on-going fees for those services and further letting fees on extensions of existing leases, re-lettings and new leases. The Group is also entitled to certain fees based on the prices achieved on the sale of the properties. The Company also has a right of first refusal to acquire any property within the DT12 Portfolio at a price of €10,000 above the highest bid price received from potential buyers in respect of the sale of such property and the Company may elect to reacquire some of the DT12 Portfolio properties if the prices are attractive.
- F. For more information on the shares buyback transaction after the reporting period see note 6.

PART VIII

TAXATION

1 General

- 1.1 The following statements are of a general and non-exhaustive nature based on the Directors' understanding of the tax legislation in force and the published practice of the tax authorities in Guernsey and the United Kingdom in effect at the date of this document (in each case which are subject to change, possibly with retrospective effect) and may not apply to certain shareholders in the Company, such as dealers in securities, insurance companies and collective investment schemes.
- 1.2 An investment in the Company involves a number of complex tax considerations. Changes in tax legislation in any of the countries in which the Company has or will have investments or in Guernsey or the United Kingdom (or in any other country in which a subsidiary of the Company through which investments are made, is located), or changes in tax treaties negotiated by those countries, could adversely affect the returns from the Company to Investors.

Prospective Investors should consult their professional advisers on the potential tax consequences of subscribing for, purchasing, holding, converting or selling Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence.

2 Guernsey taxation

The following is intended as a general guide to the Guernsey tax regime as applicable to the Company under current legislation and published Guernsey Income Tax Office practice at the date of this document, both of which are subject to change at any time. It only deals with the tax regime as applicable to the Company (and certain named subsidiaries) and does not deal with the tax position of Ordinary Shareholders. The information given is by way of general summary only and does not constitute legal or tax advice.

The Company

- 2.1 The Company and its Guernsey incorporated subsidiaries (Summit Finance Limited, Summit LoanCo Limited and Summit Sterne Guernsey Limited "the Guernsey Subsidiaries") have received exempt company status since incorporation under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 (as amended) (the "**Ordinance**"). Exemption will be applied for annually and is granted on payment of a fee, currently fixed at £600 per entity per annum, provided that the States of Guernsey Income Tax Office is satisfied that the Company and Guernsey Subsidiaries comply, and will continue to comply, with the provisions of the Ordinance. The Directors intend to manage the Company and the Guernsey Subsidiaries in such a way as to ensure that they at all times comply with the requirements of the Ordinance.
- 2.2 The Company and the Guernsey Subsidiaries carry out certain intra-group lending activities. Certain lending activities are taxable at the company intermediate rate of 10 per cent. in Guernsey; however the activities of the Company and Guernsey Subsidiaries are not taxable at the company intermediate rate due to Statement of Practice C22 which specifically precludes intra-group lending from being taxable at the intermediate rate.
- 2.3 The Company and the Guernsey Subsidiaries are tax exempt entities in Guernsey and are accordingly to be treated as not resident in Guernsey during the period exempt status has been granted. The Directors intend to manage the operations of the Company and the Guernsey Subsidiaries so that they do not become tax resident in any other jurisdiction.
- 2.4 Under current Guernsey tax law there is no liability to capital gains tax, wealth tax, capital transfer tax or estate or inheritance tax on the issue, transfer or realisation of the Shares. There is also no stamp duty or equivalent tax payable in Guernsey on the issue, transfer or redemption of the Shares. Guernsey no longer charges document duty on the creation or increase of authorised share capital.

Withholding tax

- 2.5 Payments of dividends by a company that has exempt status for Guernsey tax purposes are regarded as having their source outside of Guernsey hence are payable without deduction of tax in Guernsey.
- 2.6 Guernsey does not levy withholding tax on payments of interest.

Goods and Services Tax

- 2.7 The States of Guernsey has passed enabling legislation for the introduction of a system of goods and services tax ("**GST**"); however no decision as to the introduction of GST has been made.
- 2.8 According to the Treasury and Resources Department, the States of Guernsey would only introduce GST after consideration of a detailed report, which would make recommendations on issues such as the rate of tax to be applied, proposed exemptions and collection methods.

Shareholders

- 2.9 Distributions made by the Company to Guernsey resident Shareholders will be taxed on the Shareholder at the standard income tax rate of 20 per cent. for individuals and 0 per cent. for corporations (unless they have tax exempt status in which case the income would be exempt from tax). The Company may be required to provide information to the Guernsey tax authorities about distributions made to Guernsey resident individuals.
- 2.10 Distributions made by the Company to non-Guernsey resident Shareholders, whether made during the life of the Company or by distribution on liquidation, will not be subject to Guernsey tax unless attributable to a permanent establishment in Guernsey.
- 2.11 Distributions made by the Guernsey Subsidiaries to the Company will not be subject to Guernsey tax and will be exempt income when received by the Company.

Other Guernsey Tax Matters

- 2.12 Although not a Member State of the European Union, Guernsey, in common with certain other jurisdictions, entered into bilateral agreements with EU Member States on the taxation of savings income. From 1 July 2011 paying agents in Guernsey must automatically report to the Director of Income Tax in Guernsey any interest payment to individuals resident in the contracting EU Member States which falls within the scope of the EU Savings Directive (2003/48/EC) (the "**EU Savings Directive**") as applied in Guernsey. However, whilst such interest payments may include distributions from the proceeds of shares or units in certain collective investment schemes which are, or are equivalent to, UCITS, in accordance with EC Directive 85/611/EEC (as recast by EC Directive 2009/65/EC (recast)) and guidance notes issued by the States of Guernsey on the implementation of the bilateral agreements the Company should not, under the existing regime, be regarded as, or as equivalent to, a UCITS. Accordingly, any payments made by the Company to Shareholders will not be subject to reporting obligations pursuant to the agreements between Guernsey and EU Member States to implement the EU Savings Directive in Guernsey.
- 2.13 The European Commission is currently reviewing the scope and operation of the EU Savings Directive. Any review will affect EU Member States. Guernsey, along with other dependent and associated territories, will consider the effect of any proposed changes to the EU Savings Directive in the context of existing bilateral treaties and domestic law, once the outcome of that review is known. If changes are implemented, the position of Shareholders of the Company in relation to the EU Savings Directive may be different to that set out above.
- 2.14 The Company and/or interests in the Company could be subject to the application of the Foreign Account Tax Compliance provisions of the U.S. Hiring Incentives to Restore Employment Act 2010, which implemented sections 1471-1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"). FATCA generally imposes a new reporting regime and potentially a 30% withholding tax with respect to certain U.S. source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends ("**Withholdable Payments**"). As a general

matter, the new rules are designed to require U.S. persons' direct and indirect ownership of non-U.S. accounts and non-U.S. entities to be reported to the U.S. Internal Revenue Service ("IRS"). The 30% withholding tax regime applies if there is a failure to provide required information regarding U.S. ownership.

- 2.15 Generally, the new rules will subject all Withholdable Payments received by the Company to 30% withholding tax (including the share that is allocable to non-U.S. persons) unless compliance with the new rules by the Company is pursuant to an intergovernmental agreement between the jurisdiction in which the Company is based and the U.S. or the Company enters into an agreement (an "**FFI Agreement**") with the IRS to provide information, representations and waivers of non-U.S. law as may be required to comply with the provisions of the new rules, including, information regarding its direct and indirect U.S. accountholders.
- 2.16 FATCA is particularly complex and its application to the Company, interests in the company and the holders thereof is uncertain at this time. Each potential investor should consult its own tax adviser to obtain a more detailed explanation of FATCA and how this U.S. legislation might affect each potential investor in its particular circumstance.
- 2.17 On 13 December 2013 the Chief Minister of Guernsey signed an intergovernmental agreement with the US ("**US-Guernsey IGA**") regarding the implementation of FATCA, under which certain disclosure requirements will be imposed in respect of certain investors in the Company who are residents or citizens of the US. The US-Guernsey IGA will be implemented through Guernsey's domestic legislation, in accordance with regulations and guidance yet to be published. Accordingly, the full impact of the US-Guernsey IGA on the Company and the Company's reporting responsibilities pursuant to the US-Guernsey IGA as implemented in Guernsey is currently uncertain.
- 2.18 On 22 October 2013 the Chief Minister of Guernsey signed an intergovernmental agreement with the UK ("**UK-Guernsey IGA**") under which certain disclosure requirements will be imposed in respect of certain investors in the Company who are resident in the UK. The UK-Guernsey IGA will be implemented through Guernsey's domestic legislation, in accordance with regulations and guidance yet to be published. Accordingly, the full impact of the UK-Guernsey IGA on the Company and the Company's reporting responsibilities pursuant to the UK-Guernsey IGA as implemented in Guernsey is currently uncertain.
- 2.19 The Company reserves the right to request from any investor or potential investor such information as the Company deems necessary to comply with FATCA, any FFI Agreement from time to time in force, or any obligation arising under the implementation of any applicable intergovernmental agreement, including the US-Guernsey IGA and the UK-Guernsey IGA.
- 2.20 The government of Guernsey has signed a Memorandum of Understanding ("**Memorandum**") with HM Revenue & Customs ("**HMRC**") in the UK establishing the Guernsey Disclosure Facility ("**GDF**"). The facility has been introduced by HMRC to enable UK taxpayers with interests in Guernsey, and who may have irregularities in respect of their UK tax affairs, to approach HMRC to make a full disclosure of outstanding liabilities and pay any amount due. Under the terms of the Memorandum, all Guernsey-based financial intermediaries are required to contact clients to make them aware of the disclosure facility in the six months before the disclosure period under the GDF expires on 30 September 2016.

3 United Kingdom taxation

The following is intended as a general guide to the UK tax treatment of ownership of the Ordinary Shares under current legislation and published HM Revenue & Customs' (HMRC) practice at the date of this document, both of which are subject to change at any time. It only deals with the general UK tax position of certain Ordinary Shareholders resident in the UK (excluding those who are chargeable to tax on a remittance basis) who hold Ordinary Shares as investments, and does not deal with other Ordinary Shareholders (such as dealers in securities, insurance companies and collective investment schemes) whose tax position might in some cases be different. The information given is by way of general summary only and does not constitute legal or tax advice to any person. Ordinary Shareholders who are in any doubt about their tax position, or who are taxable in a jurisdiction other than the UK, should obtain detailed tax advice.

The Company

- 3.1 The Directors intend that the affairs of the Company should be managed and conducted so that it does not become resident in the United Kingdom for United Kingdom taxation purposes. Accordingly, and provided that the Company is not trading in the United Kingdom (whether or not through a permanent establishment situated therein) it will not be subject to United Kingdom corporation tax or income tax on its profits other than certain income deriving from a UK source. Interest and other income received by the Company which has a UK source may be subject to withholding tax in the UK.

UK Taxation of Chargeable Gains

- 3.2 The attention of UK resident Ordinary Shareholders is drawn to the paragraph “Other UK Taxation Matters” below. The following paragraphs are subject to the provisions referred to in that paragraph.
- 3.3 The Company has been advised that it should not be an “offshore fund” for the purposes of the UK offshore funds legislation.
- 3.4 Ordinary Shareholders may, depending on their circumstances, be subject to tax on the amount of any chargeable gain realised on any disposal of Ordinary Shares. For Ordinary Shareholders who are individuals, or otherwise not within the charge to UK corporation tax, UK capital gains tax may be payable on a disposal. For such holders whose total taxable income and gains are taxed at the basic rate, capital gains tax is payable at the flat rate of 18 per cent. For such holders whose total taxable income and gains are taxed at the higher or additional rates, capital gains tax is payable at the flat rate of 28 per cent. No indexation allowance will be available, but such Ordinary Shareholders may be entitled to an annual exemption from capital gains (this is £10,900 for the tax year 2013/2014). Ordinary Shareholders within the charge to UK corporation tax may be liable to UK corporation tax (23 per cent. for 2013/14 and 21 per cent. for 2014/15 assuming that the main rate of corporation tax applies) on chargeable gains on a disposal. Indexation allowance may reduce a chargeable gain (but cannot be used to create an allowable loss).

UK Taxation of Distributions and Dividends

- 3.5 The attention of UK resident Ordinary Shareholders is drawn to the paragraph “Other UK Taxation Matters” below. The following paragraphs are subject to the provisions referred to in that paragraph.
- 3.6 Subject to their personal circumstances, Ordinary Shareholders resident in the United Kingdom for taxation purposes will be liable to United Kingdom income tax or corporation tax in respect of dividends or other distributions of an income nature made by the Company, whether or not such distributions are reinvested.
- 3.7 UK resident individual Ordinary Shareholders will be liable to income tax on the amount of any dividends received. Additional rate taxpayers will be liable to income tax at 37.5 per cent., higher rate taxpayers will be liable to income tax at 32.5 per cent. and other individual taxpayers at 10 per cent. A tax credit equal to 10 per cent. of the gross dividend (also equal to one-ninth of the cash dividend received) should be available to set off against a Shareholder’s total income tax liability on the dividend. The effect of the tax credit is that a basic rate taxpayer will have no further tax to pay; a higher rate taxpayer will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which also equals 25 per cent. of the cash dividend received), and an additional rate taxpayer will have to account for additional tax at the rate of 27.5 per cent. of the gross dividend (which also equals 30.56 per cent. of the cash dividend received).
- 3.8 A UK resident corporate Ordinary Shareholder will be liable to UK corporation tax (23 per cent. for 2013/14 and 21 per cent. for 2014/15 assuming that the main rate of corporation tax applies) in respect of dividends paid by the Company, unless they fall within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009. Ordinary Shareholders within the charge to UK corporation tax are advised to consult their independent professional tax advisers in relation to whether dividends received (or deemed to be received, if the Company is a reporting fund in respect of the relevant class of Share) will be subject to UK corporation tax.

Other UK Taxation Matters

- 3.9 The attention of individuals resident in the United Kingdom for taxation purposes is drawn to Chapter 2, Part 13 of the Income Tax Act 2007, which may render them liable to income tax in respect of the undistributed income of the Company.
- 3.10 The UK “controlled foreign company” provisions subject UK resident companies to tax on the profits of companies not so resident in which they have an interest. Broadly, a charge may arise to UK tax resident corporate Ordinary Shareholders if a non-resident company is controlled by persons who are resident in the UK, it has profits which are attributable to its UK “significant people functions” and one of the exemptions does not apply. UK corporate investors are advised to consult their independent professional tax advisers as to the implications of these provisions.
- 3.11 The attention of persons resident in the United Kingdom for taxation purposes (and who, if individuals, are also domiciled in the United Kingdom for those purposes or who are non-domiciled in the UK but have not elected for the remittance basis) is drawn to the provisions of section 13 Taxation of Chargeable Gains Act 1992 under which, in certain circumstances, a portion of capital gains made by the Company can be attributed to a Shareholder to whom more than one quarter of any gain made by the Company would be attributable. This applies if the Company is a close company for the purposes of UK taxation.
- 3.12 Transfers of Ordinary Shares will not be liable to United Kingdom stamp duty unless the instrument of transfer is executed within the United Kingdom or brought into the United Kingdom when the transfer will be liable to United Kingdom ad valorem stamp duty at the rate of 0.5 per cent. of the consideration paid rounded up to the nearest £5. No United Kingdom stamp duty reserve tax is payable on transfers of Ordinary Shares, or agreements to transfer Ordinary Shares provided the Ordinary Shares are not registered in any register of the Company kept in the United Kingdom.

PART IX
VALUATION REPORT

VALUATION REPORT

Z3 Portfolio
Z6 Portfolio
Clara Portfolio
Other Portfolio





Date: 14 February 2014

Summit Germany Limited (the “Company” or “Client”)
1st & 2nd Floors
Elizabeth House
Les Ruettes Brayes
St Peter Port
Guernsey
GY1 1EW

Cenkos Securities plc (“Cenkos”)
6.7.8 Tokenhouse Yard
London
EC2R 7AS

Dear Sirs

Introduction

In accordance with the instructions received from the Company, we, DIWG|STIWA Valuation GmbH, have performed the valuation of the portfolio of 86 commercial assets (together the “**Property**”) as listed in the attached schedule (“**Schedule**”), for the purposes set out in paragraph 1.3 of this report, in order to advise you as to our opinion of the Market Value for the Property. The valuation date for the Property is 31 December 2013.

We have reviewed our valuation as at 31 December 2013 and confirm that there has been no material change to the valuation of the Property from that date to the date of this report.

Executive Summary

As at 31.12.2013

Property address	The Portfolio comprises a total of 86 properties located across Germany. The exact addresses of the properties in Germany are listed in bullet 1.6 Site visits.
Description	Years of construction : between 1701 - 2007
Site area	1,098,543 sqm
Lettable area	647,139 sqm
Vacancy Rate	13.60 %
Tenure	Freehold and partly Leasehold
Current Rental Income	39,169,178 € p.a.
Estimated Rental Income	43,149,016 € p.a.
Market Value	499,544,000 €
Gross Multiplier	12.75

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1 Valuation Assignments

1.1 Valuer

DIWG|STIWA Valuation GmbH
Berliner Allee 51-53
D - 40212 Dusseldorf

1.2 Subject of Valuation

A portfolio of 86 commercial assets as listed in the Schedule, held within several SPV's.

1.3 Purpose for Valuation

This report (including its schedule) is required firstly, to confirm to the directors of the Company the current Market Value of the Property, secondly, for inclusion in an admission document ("**Admission Document**") in relation to the placing ("**Placing**") of ordinary shares of the Company and admission ("**Admission**") of the entire ordinary shares of the Company to trading on the AIM market of the London Stock Exchange plc, and thirdly, by Cenkos in relation to their obligations as nominated adviser to the Company in connection with the Placing and Admission.

This report is addressed to the Company and Cenkos and all references to the Client in our General Conditions and Principles set out in paragraph 8 of this report shall be deemed to be to both the Company and Cenkos, save that we shall only be liable once to the Company and Cenkos in respect of claims arising from the same matter, fact or circumstance.

1.4 Date of Valuation

31.12.2013

1.5 Project Timeline

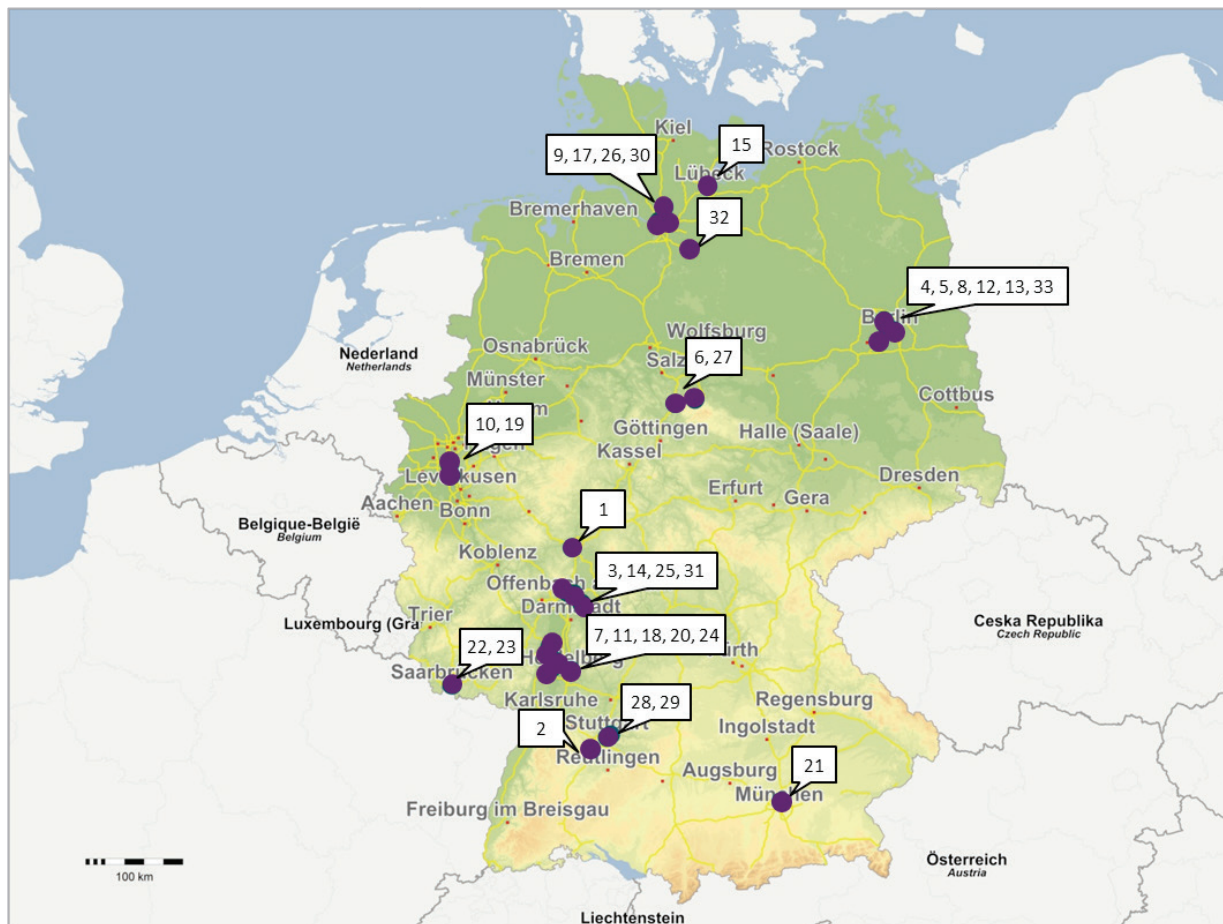
Order confirmation:	November 2013
Reception of database:	November – December 2013
Conduction of site inspections:	11.11.2013 – 03.12.2013
Delivery of draft report:	19.12.2013
Delivery of final report:	06.01.2014

1.6 Site Visit

The site inspections were carried out by Mr Andreas Borutta MRICS, Mr. Thorsten Baum, Mr. René Walther, Mr. Norbert Auras and Mr Oliver Kreiser on the dates listed below. Internal access to all parts of the properties was not possible in every case but we consider that, combined with information provided by the Borrower, the inspections were sufficient for the purposes of the valuation.

For our valuation we assumed that there has not been any impact on the fabric of the properties since the site visit dated below, nor on the quality of the rental income nor indeed any significant market variation from the aforementioned date.

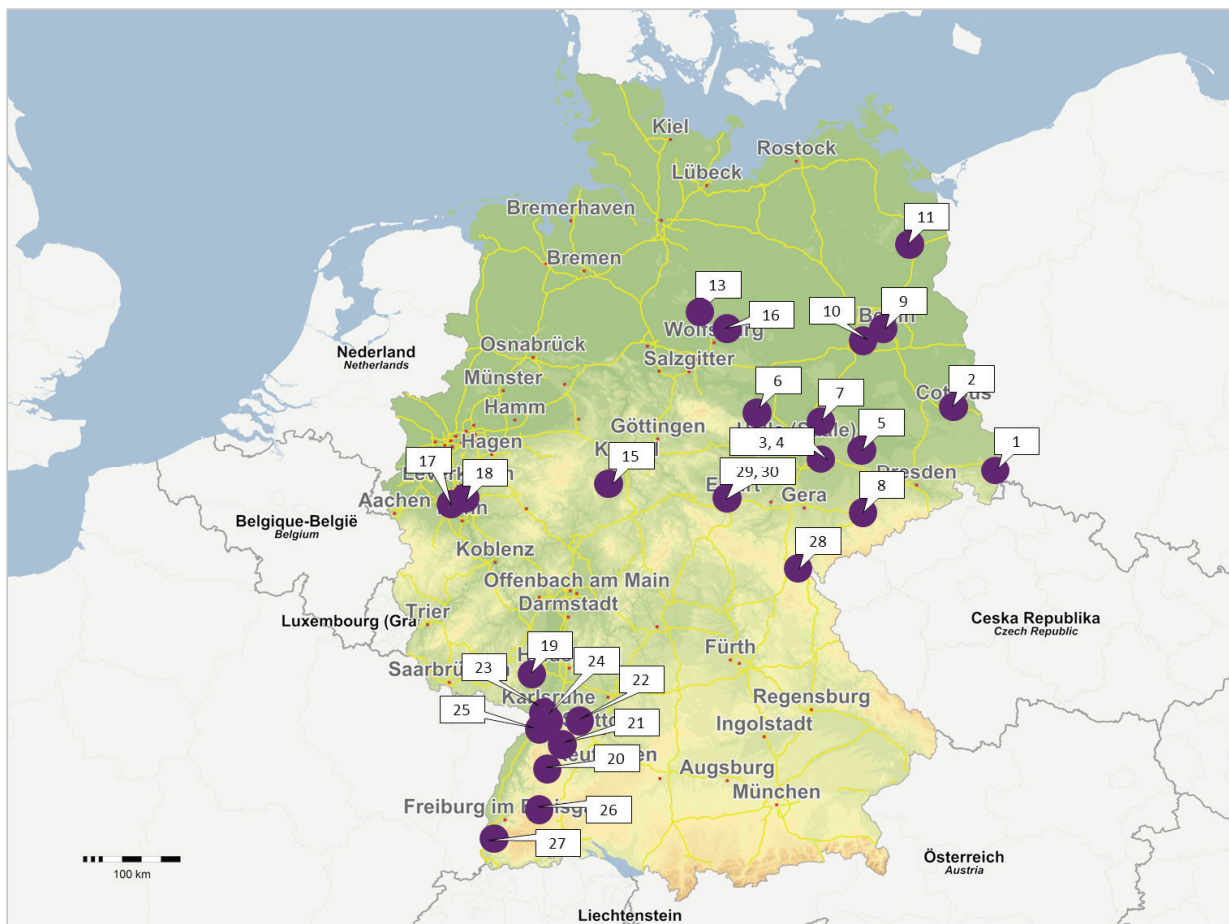
Clara Portfolio and Other Portfolio



Number	Zip	City	Street	Date of site visit
1	35440	Linden	Robert-Bosch-Str. 3, 5	26.11.2013
2	71034	Böblingen	Otto-Lilienthal-Str. 38	19.11.2013
3	68129	Dietzenbach	Waldstrasse 29	26.11.2013
4	13347	Berlin	Oudenarder Strasse 16	03.12.2013
5	14513	Teltow	Potsdamer Strasse 10	03.12.2013
6	38640	Goslar	Im Schleeke, 115, 116	11.11.2013
7	69115	Heidelberg	Mannheimer Strasse 1	20.11.2013
8	13435	Berlin	Wilhelmsruher Damm 229, 231-245	03.12.2013
9	22761	Hamburg	Mendelsohnstrasse 15	12.11.2013
10	40589	Düsseldorf	Bonner Strasse 155	19.11.2013
11	67227	Frankenthal	Beindersheimer Strasse 79	20.11.2013
12	10969	Berlin	Friedrichstrasse 231	03.12.2013
13	10317	Berlin	Hauptstrasse 13	03.12.2013
14	63128	Dietzenbach	Waldstrasse 66-76	26.11.2013
15	23554	Lübeck	Bei der Lohmühle 21a	12.11.2013
17	22529	Hamburg	Osterfeldstrasse 12-14	12.11.2013
18	67117	Limburgerhof	Burgunderplatz 1-11	20.11.2013
19	40472	Düsseldorf	Wahlerstrasse 37, 39	19.11.2013
20	67063	Ludwigshafen	Rheinufer 71	20.11.2013

21	80992	Munich	Maria-Probst-Strasse 37	22.11.2013
22	66111	Saarbrücken	Hafenstrasse 16	20.11.2013
23	66111	Saarbrücken	Kaiserstrasse 25	20.11.2013
24	67547	Worms	Am Ochsenplatz 17	20.11.2013
25	60489	Frankfurt am Main	Westerbachstrasse 47	26.11.2013
26	22850	Norderstedt	Kohfurth 15	12.11.2013
27	38723	Seesen	Rudolf-Diesel-Strasse 1	11.11.2013
28	70191	Stuttgart	Rosensteinstrasse 22-24	19.11.2013
29	70374	Stuttgart	Lehmfeldstrasse 7	19.11.2013
30	22113	Hamburg	Pinkertweg 20, 20a	13.11.2013
31	60313	Frankfurt am Main	Rahmhofstrasse 2, 4	26.11.2013
32	21331	Lüneburg	Lilienthalstrasse 1	13.11.2013
33	13437	Berlin	Roedernallee 89/90	03.12.2013

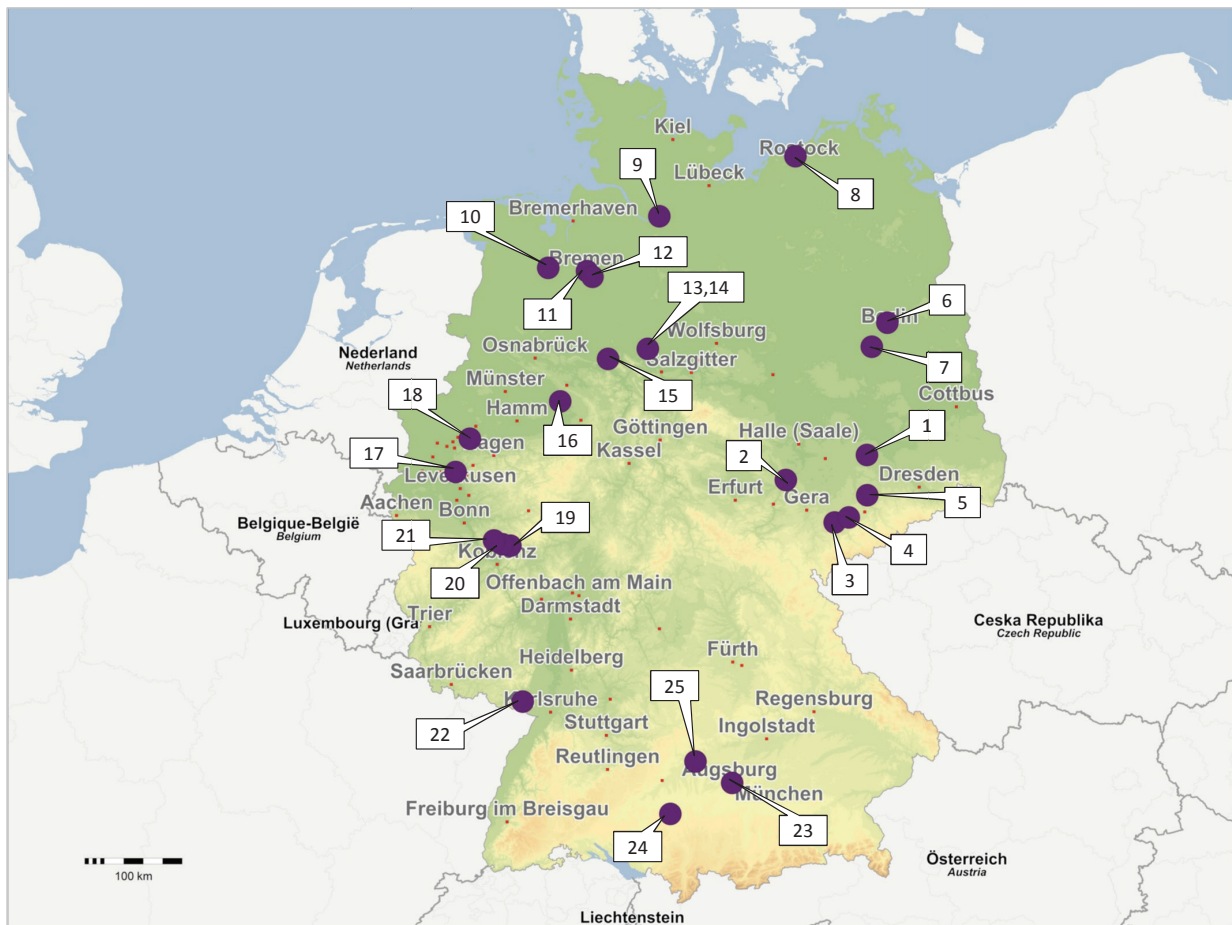
Z3 Portfolio



Number	Zip	City	Street	Date of site visit
1	02826	Görlitz	Pontestr./Grüner Graben	21.11.2013
2	03046	Cottbus	Brandenburger Platz 49, 49a, 49b, 50	21.11.2013
3	04178	Leipzig	Heinrich-Heine-Str.	19.11.2013
4	04416	Markkleeberg	Weintechstr. 3	19.11.2013
5	04687	Trebsen	Wurzener Str. 9	19.11.2013
6	06449	Aschersleben	Daimlerstr. 2	19.11.2013
7	06766	Bitterfeld-Wolfen	Fritz-Weineck-Str. 16	19.11.2013
8	09113	Chemnitz	Limbacher Str. 25a	20.11.2013
9	12627	Berlin-Hellersdorf	Heidenauer Str. 26	03.12.2013
10	14513	Teltow	Oderstr. 45	03.12.2013
11	17291	Prenzlau	Georg-Dreke-Ring 64	08.12.2013
12	18055	Rostock	Grubenstr. 24	12.11.2013
13	29386	Hankensbüttel	Schmiedestr. 3	11.11.2013
15	34560	Fritzlar	Giessener Str. 81	11.11.2013
16	38465	Brome	Zu den Ohrenauen	11.11.2013

17	50354	Hürth	Friedrich-Ebert-Str.	19.11.2013
18	50670	Cologne	Gladbacher Wall 5	19.11.2013
19	67434	Neustadt Hambach	Weinstr. 71	20.11.2013
20	72270	Baiersbronn	Freudenstädter Str. 2	19.11.2013
21	75323	Bad Wildbad	Wilhelmstr. 31/35	19.11.2013
22	75446	Wiernsheim	Wurmberger Straße 30 -34	19.11.2013
23	76189	Karlsruhe	Otto-Wels-Str. 33	19.11.2013
24	76275	Ettlingen-Bruchhausen	Neue Bruchstr. 2a	19.11.2013
25	76461	Muggensturm	Karlsruher Str. 45	19.11.2013
26	78098	Triberg im Schwarzwald	Gerwigstr./Hornberger Str. 1	22.11.2013
27	79410	Badenweiler	Ernst-Eisenlohr-Str. 25	n.s
28	95030	Hof	Windmühlenweg 12, 12a	20.11.2013
29	99089	Erfurt	Hieronymus-Schröter-Str. 2	20.11.2013
30	99094	Erfurt	Bischleber Str. 11	20.11.2013

Z6 Portfolio



Number	Zip	City	Street	Date of site visit
1	04774	Dahlen	Bahnhofstrasse 118	19.11.2013
2	06618	Naumburg	Kösener Strasse 100	19.11.2013
3	08058	Zwickau	Schubertstrasse 110-112	20.11.2013
4	09353	Oberlungwitz	Hohensteiner Strasse 2	20.11.2013
5	09648	Mittweida	Bahnhofstrasse 12	20.11.2013
6	13409	Berlin	Kühnemannstrasse 21-49	03.12.2013
7	14480	Potsdam	Trebbiner Strasse 36	03.12.2013
8	18107	Rostock	Trelleborger Strasse 5+6	12.11.2013
9	22525	Hamburg	Kronsaalweg 88	12.11.2013
10	26133	Oldenburg	Alter Postweg 11	13.11.2013
11	28195	Bremen	Breitenweg 55	13.11.2013
12	28309	Bremen	Joh-von-Bodeck-Str. 7, 9	13.11.2013
13	30159	Hanover	Alexanderstrasse 7	11.11.2013
14	30159	Hanover	Prinzenstrasse 4-6, Alexanderstrasse 8	11.11.2013

15	31683	Obernkirchen	Röserheide 16	13.11.2013
16	33310	Gütersloh	Determeyer Strasse 60	13.11.2013
17	40699	Erkrath	Max-Planck-Strasse 20, 22	19.11.2013
18	45888	Gelsenkirchen	Wildenbruchplatz 7	19.11.2013
19	56242	Selters	Im Geisenborn 2	26.11.2013
20	56269	Dierdorf	Königsberger Strasse 3	26.11.2013
21	56593	Horhausen	Industriepark 13	26.11.2013
22	76887	Bad Bergzabern	Landauer Strasse 2	20.11.2013
23	86165	Augsburg	Zugspitzstrasse 179/181	22.11.2013
24	88453	Erolzheim	Zeppelinstrasse 12	22.11.2013
25	89415	Lauingen	Herzog-Georg-Strasse 53	22.11.2013

1.7 Project Team

Andreas Borutta (MRICS)

Andreas Borutta is Managing Partner of DIWG|STIWA valuation GmbH. From 1992 to 2004 he had management positions with several German based property development companies. From 1981 to 1991 he was responsible for real estate financing with a German bank. He has a professional background of 30 years of real estate experience and holds the titles in Business Management and Master of Science Real Estate (ebs). Andreas Borutta is Member of The Royal Institution of Chartered Surveyors (RICS) and RICS-registered Valuer.

Oliver Kreiser (Consultant)

Oliver Kreiser is an employee of DIWG|STIWA valuation GmbH. After his study of Real Estate Economy at the University of Cooperative Education in Leipzig in 2009 he started working in 2010 as Real Estate Valuer for DIWG|STIWA valuation.

René Walther (Consultant)

René Walther is an employee of DIWG|STIWA Valuation GmbH. After finishing his study of Real Estate Economy at the University of Cooperative Education in Leipzig in 2009 he started working as real estate agent especially for office spaces and distribution properties for a well-known real estate agency in Leipzig. He joined DIWG|STIWA in 2012.

Thorsten Baum (Consultant)


Thorsten Baum is an employee of DIWG|STIWA valuation GmbH. He is specialized on real estate market research. After his study of geography at Ruhr-University Bochum he worked for different real estate development companies in the market research. He joined DIWG|STIWA valuation in 2011.

1.8 Status of Valuer and Conflict of Interest

We confirm that we have undertaken the valuations acting as an External Valuer, as defined in the Royal Institution of Chartered Surveyors ("RICS") Valuation - Professional Standards 2012 (also known as the Red Book) and as an independent expert, qualified for the purpose of the valuation.

In accordance with the Red Book, we make the following disclosures:

We valued all of the properties subject of this report in the past on behalf of the Company for accounting purposes.



We confirm that we were not active in the introduction and brokering of the properties to be valued and in this respect have no other benefit in connection with the properties to be valued or from the preparation of the expertise apart from the agreed fee.

The responsible person for the preparation and drafting of the report is Mr. Andreas Borutta MRICS.

2 Bases of Valuation

The valuation has been completed in accordance with the Global Practice Statements and Guidance Notes contained in the RICS Valuation Standards (7th edition, as amended) published by the Royal Institution of Chartered Surveyors (the 'Red Book').

We confirm that we have sufficient knowledge of the local property markets in which the properties are located and that we have the skills and understanding to undertake the valuations in a competent manner.

2.1 Market Value

The calculation of value has been carried out on the basis of the definition of Market Value. The Market Value is defined by the Royal Institution of Chartered Surveyors (RICS) in the RICS Valuation Standards as;

'The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeable, prudently and without compulsion'.

The Market Value reflects the definition, and the conceptual framework, settled by the International Valuation Standards Committee and is identical to the Market Value according to § 194 of the Building Regulations Act (German initials BauGB).

2.2 Legal Basis

The valuation is conducted in accordance with the following bases:

- RICS Valuation Standards (7th edition, as amended)
- International Valuation Application 2 (revised 2007), published by the International Valuation Standards Committee

The valuations herein are compliant with the International Valuation Standards, and are in accordance with paragraphs 128 to 130 of the ESMA update of the Committee of European Securities Regulators' (CESR) recommendations for the consistent implication of the European Commission Regulation (EC) no. 809/2004 implementing the Prospectus Directive.

2.3 Data provided by the Borrower

The updated documents and information, relevant for our valuation, were made available to us by the Client:

- Actual tenancy schedules
- Actual information regarding current negotiations for new leases/new attachments for existing leases/etc.

We also used the following documents, we received during former valuations:

- Copies of Land register
- Copies of Cadastral maps
- Overview planned capital expenditures

3 Valuation Due Diligence

We have conducted a property due diligence exercise sufficient for the purpose of this valuation and in accordance with the terms of our instruction. Specific issues relating to the individual properties are identified on the property summaries contained within Appendix D.

3.1 Sources of Information

We have relied upon information provided to us by the Client and third party professional advisers to the same. A detailed schedule of the documents provided to us is listed in bullet 2.3. Unless specifically instructed to do so, we have not verified these documents and have relied upon them in our valuations. We have made an Assumption that the information contained in these documents is accurate and that the documents are complete. Whilst we have made every effort to identify obvious errors and logical inconsistencies, we accept no liability for any inaccuracies or commissions.

3.2 Title and Lease Information

We did receive some lease for the properties. We have not reviewed all of the title documents to the properties. Any interpretation by us of the titles or other associated legal documents should not be relied upon without verification by your lawyers. Therefore, unless we are advised to the contrary, we have made an Assumption that each property has a good and marketable title and that there are no encumbrances, restrictions, regulations, easements, pending litigation or other outgoings of an onerous nature that would have a negative impact upon the value of the properties.

3.3 Tenant Information

We have not made formal investigations into the financial status of the existing or prospective tenants. However, our valuations reflect a potential purchaser's opinion of the financial strengths of the individual tenants and our knowledge of their status in the context of the retail market in general and the property market in particular.

Unless we have been advised to the contrary, we have made an Assumption that the tenants are all in a position to meet their financial and legal obligations under the terms of the leases and that, at the date of valuation, there are no material arrears of rent, legal disputes or undisclosed breaches of covenant.

3.4 Compliance with Town Planning and other Statutory Regulations

Where necessary, we have made verbal enquiries of the public bodies in order to obtain information relating to the compliance of the properties with town planning, building, fire, health and safety and other legal requirements or restrictions. Where we have relied on verbal information from a public body, we are unable to accept liability for the accuracy of this information and recommend that you obtain separate written confirmation of the same.

However, unless we have been advised to the contrary, we have made an Assumption that the legal requirements have been properly fulfilled and that the properties have the necessary consents, permits and authorizations for their continued use and that all necessary public charges and financial liabilities have been discharged in full.

3.5 Building Condition, Insurance, Services, Defects and Hazardous Materials

We have not carried out structural surveys of the properties, nor have we tested the building services (lighting, heating etc.) or technical installations. Our valuations reflect the apparent condition of the properties, noted during the course of our inspections, and defects or items of disrepair are reflected in our valuations where appropriate.

However, we are unable to confirm that the properties are free from building damage or defects (visible or otherwise) or that they have been constructed (or altered) without the use of deleterious materials or techniques (including, but not limited to, high

alumina cement concrete, permanent wood wool shuttering, calcium chloride or asbestos). Unless advised to the contrary, we have made the Assumption that the properties are free from such damage, defects or hazardous materials.

We have not reviewed the terms of the building insurance policies for the properties and have made an Assumption that each property has been adequately insured against all potential costs arising from any damage or destruction by the insured risks.

3.6 Floor Areas

We have not undertaken any measured surveys of the properties and we have made an Assumption that the floor areas provided to us have been calculated in accordance with local market practice.

3.7 Environmental Contamination

We have not carried out any investigations to establish the adequacy of the ground conditions and services for the purposes of providing support for the existing buildings, or any proposed buildings at each location, nor have we carried out environmental, archaeological, or geotechnical surveys.

Unless we have been advised to the contrary, we have made an Assumption that each site has sufficient load bearing capacity for the existing buildings or for any proposed development and is not liable to flooding, erosion, earthquake or other forms of environmental instability.

We have not been provided with any information regarding the presence of contamination in the sites or the use of the properties for any contaminative, or potentially contaminative, purposes. As instructed, we have not undertaken any investigation into the past or present uses of either the properties or any adjoining properties or land, in order to establish whether contamination may exist, and therefore have made an Assumption that they are not contaminated.

If we suspect the presence of soil contamination, we may be unable to report the Market Value without a detailed environmental survey and an estimate of the likely costs and timing for works of remediation.

Where there is high voltage electricity supply equipment within, or close to, any of the properties, we have not made any adjustment to our valuations to reflect potential future changes to the public perception of the health risks posed by such apparatus.

3.8 Finance, Taxation and Costs of Sale

We have made an Assumption that the properties are free and clear of all mortgages or other charges that may be secured against them. No allowances have been made for any costs associated with the sale of any of the properties or for any tax liabilities (including VAT) that may arise following a disposal. However, in accordance with local market practice, we have made an allowance for a purchaser's normal costs of acquisition.

4 Applied Methodology

Generally, there are three different approaches to valuing a property: the sales comparison method, the cost approach and the income approach.

The Sales Comparison Method

The sales comparison method is an appropriate approach to value investment property, but it heavily depends on the availability of sales comparables. A transaction can be regarded as comparable, if the sold property is similar to the valuation property regarding size, condition, rent level and location. Further, the transaction must have taken place according to the requirements stated in the RICS definition of the Market Value (arm's length transaction with knowledgeable and prudent parties without compulsion) and there must be a temporary proximity between transaction and valuation, as markets are in constant movement. However, it should be noted that, owing to the opaque nature of the German property market, it is often very difficult to obtain comparables that fit all of these requirements.

The Cost Approach

This methodology determines a property's value based on the costs associated with its construction. It is usually used mainly for self-occupied real estate where there is no actual cash flow. The valued properties can be regarded as investment properties, which is why the application of the income approach is regarded as more appropriate for the estimation of their market value.

The Income Approach

The income approach is usually used to estimate the value of investment property, as it is based on the current and future cash flows. This methodology involves making detailed estimations regarding future cash flow developments in order to see the direction and market position in which a property is headed. As this approach seems to be best suited for the valued properties, we have applied a cash flow-focused approach, supported by the sales comparison method.

For the calculation of the value of each property we used one of these listed methods according to the assumed use of the property in future.

An explanation of particular valuation terminology that is used in our valuation is described below.

4.1 Multiplier

Reference is made in the Report to the German "cold multiplier". This is the common traditional market approach in Germany that an investor will use to assess an investment and it is calculated as follows:

$$\frac{\text{Market Value}}{\text{Estimated income}}$$

Where the capital value is assumed net of acquisition costs and the current contracted net income is the total income receivable on the property, net of any VAT but gross of any landlord's non-recoverable costs (such as routine maintenance and management costs).

4.2 Net Initial Yield

The Net Initial Yield is defined as the percentage of the Net Rental Income minus non-recoverable expenses divided by the Gross Capital Value (Gross Asset Value).

4.3 Gross Reversionary Yield

The Gross Reversionary Yield is defined as the percentage of the Estimated Rental Value (ERV) divided by the Net Capital Value (Market Value).

4.4 Discount Rate

The discount rate reflects all risks and opportunities that are associated with a property and which were not accounted for in the cash flow. It is used to discount the annual operating profits to the date of valuation.

This discount rate is for each individual property and comprises a yield for an alternative risk-free investment and a property-specific risk premium. The yield for a risk-free investment is based on the rate of return for a German Government Bond. The development of this Bond is displayed in the figure 'Germany Government Bond 10 Year Yield', shown below for the last 12 month.



At the date of valuation, the rate of return for ten year German Government Bonds stood at 1.84 %.

The risk premium which was added to arrive at an appropriate discount rate is based on socio-demographic data such as unemployment rates, population development forecasts or purchasing power as well as an assessment of each individual property's micro location and property quality. In addition, all other risks that have not been accounted for so far (such as legal risks or hidden building defects) were taken into account individually for each property.

4.5 Capitalization Rate

The capitalization rate (cap rate) is used to forecast future cash flows into perpetuity based on the cash flow development assumed in the ten year planning period (as it is assumed that properties are kept in stock after the assessed 10 year period). The individual cap rate is based on each property's discount rate in year 10, which accounts for all potential risks related to a property.

4.6 Market Value

The market value is derived by summing the discounted cash flows as well as the discounted terminal value and deducting ancillary purchase costs (as the RICS definition of 'Market Value' assumes an asset to be traded at the date of valuation).

5 Valuation Assumptions

5.1 Inflation

An annual rent adaptation of 1.7% is assumed which is based on the German 10-year-average inflation rate. For the control management costs, an increase of 1.7% is also assumed annually.

A diagram is in the appendix.

5.2 Operating Costs

Although the charging of operating costs can be assessed as normal in the market, certain operating costs always remain with the landlord. Considering the market factors a valuation of 0 € to 75,000 € is carried out for the non-rechargeable costs.

The assumed amounts are listed within the Individual Property Templates (Enclosures to this Valuation) and partly are included in the non-rechargeable costs.

5.3 Management Costs

The administration costs include, among other things, the lease administration, the property accounting, the controlling and the invoicing of additional costs, as well as maintenance planning and implementation. The calculation is done considering the basic principles of proper management. A percentage value for administration costs is usual in the market. Considering the market factors an average amount of 1,000 € to 75,000 € of the annual gross rent is carried out for the administration. In this cost rate the size of the property and the number of tenant uses have been taken into consideration.

The assumed amounts are listed within the Individual Property Templates (Enclosures to this Valuation) and partly are included in the non-rechargeable costs.

5.4 Maintenance

Maintenance costs are costs which must be expended during the effective life for the preservation of the appropriate use of the building as provided for in the lease, in order to properly eliminate damage arising from wear and tear, ageing and weathering. Maintenance costs within the framework of proper facility management are also selected in accordance with values based on experience.

Use	Maintenance
Office	3.00 – 7.00 €/sqm/year
Retail	4.00 – 6.00 €/sqm/year
Warehouse	2.00 – 4.00 €/sqm/year
Residential	4.00 – 6.00 €/sqm/year
Storage	2.00 – 3.00 €/sqm/year

The assumed amounts are listed within the Individual Property Templates (Enclosures to this Valuation) and partly are included in the non-rechargeable costs.

5.5 State of Repair

In general the properties are in a good to average condition taking their age into consideration.

5.6 Collection Loss

Collection loss is the risk of a reduction in income as a result of uncollectible arrears of rent. It also serves to cover the costs of legal action to collect payments, cancel a rental contract or clear premises. Arrears of rent due deposit payments must also be taken into account under this heading.

The amount of the collection loss depends on the local market situation, type and condition of the property, tenancy situation, quality of tenants and quality of lease agreements. The collection loss is calculated as percentage of the annual Effective Gross Income (EGI).

The assumed amounts are listed within the Individual Property Templates (Enclosures to this Valuation) and partly are included in the non-rechargeable costs.

5.7 Vacancy Costs

Vacancy costs are the costs which are incurred by the owner as a consequence of un-let tenant units and the lack of a possibility to invoice charge-on costs associated therewith to the tenants. At present around 14 % of the premises are un-let. Based on stable letting activities combined with a current market environment we have assumed that these vacant spaces can be let within a period of 3 to 24 months, depending on the property. Some of the tenant areas will be un-let on behalf of change of tenants etc.

The assumed amounts are listed within the Individual Property Templates (Enclosures to this Valuation) and partly are included in the non-rechargeable costs.

5.8 Transaction Costs

The Market Value as defined in the Red Book is the 'estimated amount for which a property should exchange on the date of valuation [...]'. Due to this required sale, we assumed ancillary purchase costs at the date of valuation.

This cost category includes legal fees for sale, tax and land register fees as well as the broker's commission.

In the past, the German government set the tax on acquisition of real estate at 3.50% of the net sale proceeds. Since September 2006, the federal states are entitled to set the tax rate independently. To date the taxes are:

Federal State	Tax
Bavaria, Saxony	3.50 %
Hamburg, Lower Saxony, Bremen,	4.50 %
Schleswig Holstein, North Rhine-Westphalia, Hesse, Rhineland Palatinate, Baden-Wurtemberg, Berlin, Brandenburg, Mecklenburg Western Pommerania, Saxony-Anhalt, Thuringia, Lower Saxony, Bremen	5.00 %
Saarland	5.50 %
Berlin	6.00 %
Schleswig Holstein	6.50 %

The broker's commission was differentiated according to each individual property's value, with assumed commissions ranging from 1.00% to 3.00% of the estimated Net Capital Value (Market Value). The costs for the ground register and the notaries are calculated for each property based on the assumed market value. Together the ground transfer tax, the costs for notaries and ground register and the broker's fee are the assumed transaction costs. Details can be seen in the individual property templates.

6 Valuation Results

6.1 Market Value

We are of the opinion that the aggregate of the individual Market Values of the properties listed in the Schedule subject to the definitions, comments and assumptions detailed in this report, was

499,544,000 €

(In words: Four hundred ninety-nine million, five hundred forty-four thousand €)

Gross Multiplier 12.75

The Market Value reflects 12.75 times of the Current Rental Income.

This valuation is of the land and buildings and without taking into account fixtures and fittings.

6.2 No material change

We have reviewed our valuation as at 31 December 2013 and confirm that there has been no material change to the valuation of the Property from that date to the date of this report.

7 Responsibility, Reliance and Publication

7.1 Responsibility

We are responsible for this report and accept responsibility for the information contained in this report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this report is in accordance with the facts and contains no omissions likely to affect its import.

7.2 Reliance

This report is for the use only of the parties to whom it is addressed for the specific purposes set out herein and no responsibility is accepted to any third party for the whole or any part of its contents save as set out in "Responsibility" above. No reliance may be placed upon the contents of this report by any party for any purpose other than in connection with paragraph 1.3 of this report.

7.3 Publication

Neither the whole nor any part of this report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

Before this report, or any part thereof, is disclosed orally or otherwise to a third party, written consent of DIWG|STIWA of the form and context of such publication or disclosure must first be obtained. For the avoidance of doubt, we hereby consent to the inclusion of our name and this report in the Admission Document.

Düsseldorf, 14.02.2014

Andreas Borutta MRICS

Oliver Kreiser

8 General Conditions and Principles

8.1 General Conditions of Business (AGB) for Consulting Services of DIWG|STIWA valuation GmbH

Our business is the valuation, preparation of expert opinions and real estate consultancy. If a contract is concluded with DIWG|STIWA valuation GmbH the following rules apply. These principles form the foundation on which our valuations and reports are based. Any deviation there from requires a separate agreement between the Client and DIWG|STIWA valuation GmbH.

1 Scope of application

- a) The General Conditions of Business apply for all consulting, market research, valuation and other services which DIWG|STIWA valuation GmbH (referred to in the following as "DIWG|STIWA") performs for the Client.
- b) Other General Conditions of Business apply only if and when this has been explicitly agreed in writing.
- c) The results of the work of the Consultant are not intended for third parties; and such persons cannot derive any claim from them against DIWG|STIWA unless this has been explicitly agreed, for example when the order was given.

2 Conflict of interest

As soon as the data and documentation concerning the property to be valued are available to the Consultant the latter will check whether any conflict of interest exists. Should the Consultant have knowledge of any such conflict or should this result during the course of the valuation the Client will be informed thereof without delay.

3 Applicable law / place of jurisdiction

For the order, its execution and any claims arising there under the law of the Federal Republic of Germany applies. In commercial business transactions the place of jurisdiction is Munich.

4 Services / object of the contract

- a) DIWG|STIWA is responsible for the service agreed in each case under a service agreement but beyond this not for its successful outcome. The order will be carried out to the best of DIWG|STIWA's knowledge and belief with the care of a prudent businessman. If DIWG|STIWA has to produce the results of its work in writing then only the written result is the deciding factor. Verbal declarations and information from DIWG|STIWA outside the order received are always non-binding and not a component part of the order.
- b) Services by DIWG|STIWA are considered to have been performed if the agreed analyses, the conclusions derived from them and possibly recommendations elaborated and explained to the Client, or a written presentation if this has been agreed, have been handed over to the Client.
- c) The services do not include any legal or tax advice.
- d) DIWG|STIWA will possibly give a recommendation as part of the results of its work as to whether further investigation of certain points (such as for example contamination) appear evident or necessary.
- e) DIWG|STIWA is entitled to use specialist persons or third parties in order to fulfil its contractual obligations.
- f) The preparation of the work results is done on the basis of the valuation of the data and information concerning the property to be valued which have been provided by the Client. Data and information going beyond this need only be provided by the Consultant if this has been explicitly agreed when the order was issued.
- g) The Consultant will check the facts given to him by the Client, particularly figures, for evident discrepancies and defects only. For the rest, the Consultant will base his work on such information assuming that it is correct and complete.
- h) The Consultant will only produce further data at a site inspection in passing (possibly of an inspection of the property if agreed) on the basis of its own experience, and, if required by the Client and instructed separately, by questioning further experts who must then be named precisely, who have special knowledge of the region or the type of building represented by the property to be valued.
- i) The results of the work contain an overview of the relevant data in summary form. This contains the basic data and information about the property to be valued and the market and location of the property to be valued and the data supporting the valuation. In addition the results of the work contain an overall summary and a qualified explanation of the data, assumptions and comparable rents. The valuation model on which the work results are based, is supported by the information concerning the market value, the present rent receipts and market rents (described as basic net rent), the administration costs (non-recoverable costs), income risks and maintenance costs (the remainder described as net operating income), refurbishments, improvements to the rental property, rent commissions and investment expense (the remainder described as net cash flow). If the assumptions on which the conclusions and recommendations are based should change after the order has been carried out, then DIWG|STIWA is not bound to point out such changes or their effects to the Client.
- j) If the Consultant provides additional services required by the Client and if the parties to the contract cannot agree on remuneration for these additional services then the remuneration will be increased according to the additional expenditure of time and costs by DIWG|STIWA in line with what is customary for the market and the area.
- k) Changes and additions to the order must be in writing to be valid.
- l) Verbal subsidiary agreements are not made.

5 Handing over of results of work

All results of work are categorically not intended for third parties. Handing them on to third parties requires in each case the consent in writing of DIWG|STIWA. A consent for handing on to third parties will be at the sole discretion of DIWG|STIWA and will only be issued by DIWG|STIWA (unless a claim exists thereto) if the parties have made a ruling according to which the liability of DIWG|STIWA for the results of the work is limited also to the third party according to the rulings of these General Conditions of Business and in accordance with which DIWG|STIWA will receive separate remuneration for this.

6 Time allowed for sending the written presentation

An agreed time allowed for the sending of the written presentation of the results of the work will be extended in the case of force majeure or delayed provision of information by the Client or the agents named by him by an appropriate period, so long as DIWG|STIWA is not responsible for this situation. If a reason for delay exists DIWG|STIWA will inform the Client straightaway and will state the expected period of delay.

7 Duty of the Client to render assistance

The Client is bound to support DIWG|STIWA in the carrying out of the order and to fulfil the required obligations to assist.

In particular the Client must provide all necessary information and documentation at the right time. This applies also to documentation and knowledge which only become known or arise during the work. DIWG|STIWA will check the facts given to him by the Client, particularly figures, for evident discrepancies and defects only. For the rest, DIWG|STIWA will assume such information to be correct and complete.

At the request of DIWG|STIWA the Client will confirm the correctness and completeness of the documentation provided by him in writing as well as his information and verbal declarations.

If the Client fails to fulfil a duty to assist for which he is responsible then he must bear the consequences arising there from such as additional expense or delay and compensate DIWG|STIWA for the loss or damage arising there from.

8 Warranty

- a) In the event of any defects the Client has initially only a claim for rectification of the defects ("making good") so far as the rectification is possible at reasonable expense for DIWG|STIWA. If the defect cannot be made good or if the making good fails, the Client retains the right to withdraw from the contract or reduce the amount of the remuneration. If the order has been issued by a businessman as a part of his commercial trade, a legal person of public law or by a public law special fund then the Client can only demand the cancellation of the contract if the service performed is no longer of interest for him because of the failure to make good. For claims for damages the rulings under Point 9 apply.
- b) Evident defects must be pointed out by the Client within two weeks after the performance of the service. If the Client is a businessman, evident defects, and in addition non-evident defects, must be indicated in writing at once as soon as they appear or should come to the attention of the Client upon close examination of the documents.
- c) If the Client does not indicate the defect in due time then a claim to rectification of defects is ruled out.
- d) Evident inaccuracies such as for example typing errors, arithmetical mistakes and formal defects can be corrected by DIWG|STIWA at any time. Inaccuracies which are likely to put recommendations and conclusions in doubt, entitle DIWG|STIWA to take them back even from third parties.

9 Liability

- a) DIWG|STIWA is liable to the Client for loss or damage arising from derelictions of duty only to the extent that it or its legal representative or agents are guilty of intent or gross negligence or the breach of major duties.
- b) By a single case of damage is understood the sum of the claims for damages of all those entitled to claim which arise out of a single service which is distinct in time or its object.
- c) The liability of DIWG|STIWA is limited to € 25 million with for typical damage caused by negligence, unless it is a case of damage caused by gross negligence, or the damage arises as a result of the breach of major duties. If in the opinion of the Client the foreseeable contractual risk significantly exceeds € 10 million DIWG|STIWA is prepared at the request of the Client to offer the Client to take out higher insurance cover so long as insurance cover can be obtained from an insurer approved in the European Community and the Client takes over the additional insurance premiums.
- d) If the order is issued by a businessman in the course of his commercial trade, a legal person under public law or by a public law special fund, the limitations of liability under letter c) above to € 25 million apply to typical damage caused by gross negligence also..
- e) The limitation of liability does not apply for damage to life, body and health.

10 Preclusive period for claims for damages

Claims for damages can only be brought within a period of two years after the person entitled to claim has obtained knowledge of the damage and the event justifying the claim.

11 Copyright protection

- a) The Client undertakes an obligation to DIWG|STIWA that valuations, reports, plans, designs, drawings, lists and calculations prepared by the Consultant in the course of the contract are used only for the contractually agreed purposes and will not be published without the explicit consent of DIWG|STIWA in each individual case. Where the results of the work can be copyrighted DIWG|STIWA retains the ownership of the copyright. The Client obtains in such cases only the restricted, irrevocable, exclusive and non-transferable right of use of the results of the work of the Consultant. Further rights, particularly for the reproduction of the results of the work above and beyond the quantity necessary for the contractual use or for the alteration thereof are not granted.
- b) DIWG|STIWA's responsibility extends solely to the Client.

12 Surrender / keeping of documents

After fulfilment of the claims under the contract DIWG|STIWA will if requested hand over all documents to the Client which it has obtained from him or a third party in order to fulfil the contract. This does not apply to correspondence between the parties or for documents which are already in possession of the Client either as originals or copies. DIWG|STIWA is entitled to make and keep copies of the documents. DIWG|STIWA can also make copies of the documents to be handed over to keep in its files for purposes of evidence.

DIWG|STIWA will keep documents in connection with the completion of the order which have been given to it and have been prepared by it, and also the correspondence between the parties, for a period of three years after the ending of the contract.

13 Confidentiality

DIWG|STIWA will maintain secrecy with regard to all business and company secrets which are identifiable as such and marked as confidential information by the Client which become known to him in connection with the contract. Exceptions to this are urgent legal provisions which oblige the Consultant to give information to local authorities. DIWG|STIWA will only hand over results of work containing such facts to third parties with the consent of the Client.

14 Remuneration / set-off

Remuneration is due and payable immediately. DIWG|STIWA will send an invoice to the Client. This is payable without deductions. If there are several clients they are all jointly and severally responsible for payment.

The setting-off against claims by DIWG|STIWA is not permissible unless these are counter claims which are not in dispute or have been confirmed by a court of law.

15 Mediation

It is the wish of both parties that any difficulties arising in connection with this contract be settled amicably by way of negotiation. Therefore, the parties hereby undertake to make a serious effort to settle any differences of opinion amicably in business mediation proceedings so as to avoid that any such dispute be made pending before an ordinary court of law. Business mediation proceedings will commence upon a written request filed by either party with RICS Deutschland Ltd., Junghofstraße 26, 60311 Frankfurt am Main. This provision will not affect any right of either party to institute any summary judicial proceedings, for example by filing for an attachment order or for an interim injunction.

16 Final provisions

Should a provision of these conditions prove to be legally invalid the remaining part thereof retains its full validity.

Effective: 01.06.2013

8.2 Principles of DIWG|STIWA valuation GmbH for valuation, preparation of expert opinions and real estate consultancy

Our business is the valuation, preparation of expert opinions and real estate consultancy. If a contract is concluded with DIWG|STIWA valuation GmbH the following rules apply. These principles form the foundation on which our valuations and reports are based. Any deviation there from requires a separate agreement between the Client and DIWG|STIWA valuation GmbH.

Guidelines, standards and legal principles

Lending Value Valuation Regulations (German initials: BelWertV)

Lending value valuations are prepared on the basis of the currently valid edition of the Lending Value Valuation Regulations (BelWertV). They are carried out by persons who have obtained the necessary qualifications as a Certified Valuer (German initials: HypZert).

Guidelines of the Royal Institution of Chartered Surveyors (RICS)

All other Reports and Valuations (i.e. not lending value valuations) are carried out on the basis of the RICS Guidelines for the Valuation of Assets and are carried out by persons who are approved by RICS. These guidelines are prepared by the RICS Committee for Valuation Standards for the Valuation of Assets and are published in the RICS Appraisal and Valuation Manual.

International Valuation Standards (IVS)

The guidelines of the International Valuation Standard Committee correspond largely in definition and interpretation of the market value to the guidelines of the RICS and are compatible with the concept of fair value of the International Financial Reporting Standards.

Property Valuation Regulations (German initials: ImmoWertV)

Market value estimates are prepared on the basis of the Property Valuation Regulations (German initials: ImmoWertV). They are also carried out by persons who are approved by the RICS and/or have obtained a qualification as a (Publicly Appointed and Sworn-in) Valuer.

The Basis of our Valuations

In our reports we always state the purpose of the valuation, the methodology and the basis of valuation. The following definitions are used regularly by us as a basis of valuation:

Market value (RICS)

The market value is the estimated value for which a property is sold on the effective date of valuation between a willing buyer and a willing seller, whereby it is assumed that each of the parties has acted independently, knowing the market, prudently and without compulsion.

Market rent

The market rent is the estimated amount for which a property or space in a property should be let on the day of the valuation between a landlord willing to let and a tenant willing to rent after a proper marketing period in an arm's length transaction, whereby it is assumed that each of the parties is acting independently, knowing the market, prudently and without compulsion.

Balance sheet reports

Valuations for balance sheet purposes must be prepared in conformity with the IVSC International Valuation Application 1.

Current value / market value (§ 194 BauGB)

The current value / market value is determined by the price which would be achieved on the date to which the valuation refers, in an arm's length transaction in accordance with the legal circumstances and actual characteristics, the other features and the location of the site or the other object of the valuation without consideration of unusual or personal relationships.

Lending value according to § 16 of PfandBG (Lending Value)

The lending value may not exceed the value which results as part of a cautious valuation of the future salability of the property and in consideration of the long-term, sustainable features of the property, the normal regional market circumstances and the present and possible other uses. Speculative elements may not be considered therein. The lending value may not exceed a market value calculated in a transparent manner and in accordance with a recognized valuation method. The market value is the estimated amount for which a loan property could be sold on the effective date of the valuation between a seller willing to sell and a buyer willing to buy after an appropriate marketing period in an arm's length transaction, whereby each party is acting with technical knowledge, prudence and without compulsion.

Site inspections

In the site inspection no tests of measurements are undertaken, no tests of building materials, tests of building elements, soil investigations and no functional tests of technical building services or other installations are carried out. All observations of DIWG|STIWA valuation GmbH during the site inspection are made exclusively by means of visual inspection. In accordance with its contract DIWG|STIWA valuation GmbH does not undertake any soil investigations with regard to possible contamination and other risks arising from the nature of the soil, and therefore assumes that there is no contamination in the land and building. Destructive testing is not carried out, for which reason statements on non-visible building elements or building materials rely on information received or documentation provided or on assumptions. Further no investigations are made during the valuation by DIWG|STIWA valuation GmbH with regard to the structural design of the building, acoustic and thermal protection, and infestation by animal and plant pests and pipe corrosion.

Sources of information

For our valuations we rely on the information given by the Client for information about the property, the legal and planning-permission circumstances specific to the property, the rent situation, the tenants, the business activities and other questions in connection therewith. We cannot accept any liability for their correctness or completeness. We are not obliged to check this information for correctness and completeness.

Legal provisions on the property to be valued

Unless we are aware of anything to the contrary we assume that the site, the buildings standing on it and the business carried out there comply fully with legal requirements. This applies particularly for building, operation and use and also building permit and fire brigade requirements. It is further assumed that the buildings, installations and technical equipment have been built and are operated and supervised with the approval of the responsible authorities. We obtain planning permission information as a rule from the Client and in exceptional cases from informal enquiries of the responsible local planning authorities. Statements, particularly information from official persons cannot by law be evaluated as binding. Within the framework of the use of such statements and information DIWG|STIWA valuation GmbH is not liable in this expert opinion for their correctness and completeness.

It is assumed without being checked on the effective date of the valuation that all public law charges, contributions, fees etc. which could possibly have an influence on the value have been levied and paid. It is assumed without examination on the effective date of the valuation that the property being valued has the insurance cover usual in the market both as regards the kind of damage possible and also the appropriate amount of the insurance cover.

Other defects, damage and dangers

In our valuations we always assume that:

- the building and its technical installations do not have any other defects or damage;
- in the erection of a building or later constructed remodeling no harmful or hazardous materials or techniques have been used;
- the soil conditions for new building projects are satisfactory in those areas in which building projects are planned.

In accordance with our instructions DIWG|STIWA valuation GmbH does not undertake any soil investigations with regard to possible contamination and other risks arising from the nature of the soil and therefore assumes that the soil is in an uncontaminated condition. Destructive tests are not carried out, for which reason information on non-visible building elements or building materials rely on information received, on documentation provided or on assumptions. Further, as part of the valuations of DIWG|STIWA valuation GmbH, no tests in respect of structural design, acoustic and thermal protection, attack by animal and plant pests and pipe corrosion have been made. A specialist investigation of any building defects or damage is not made. It is assumed without examination that there are no building materials, no building elements and no features of the land and soil are present which could adversely affect or endanger its permanent fitness for use or the health of residents and occupants.

Since we cannot carry out any technical investigations on the property we cannot confirm whether or not the property has no such defects or damage.

We recommend that in this respect any necessary investigations are carried out in order to confirm our general assumptions.

Evident defects or damage to the building which we notice during our inspection will be considered in our valuation.

If:

- other defects and damage to the technical installations or the building itself,
- the use of hazardous materials or contamination;
- inadequate soil conditions,

are brought to our attention by the Client or others, such information is included in the valuation if we are provided with reliable cost estimates for remedying or compensating for them.

Effective: 01.06.2013

No	Property	ZIP	Address	Owner	Type of Use	Property description	Construction/ Renovation	Tenure	Key Tenants	Term of Key Existing Lease(s)	Net Annual Rent in €	Market Value in €
Clara Portfolio												
1	Linden	35440	Robert-Bosch-Str. 3,5	DRESTATE Objekt Giessen-Linden, Robert- Bosch-Straße GmbH & Co. KG	Retail and Gastronomy	The property to be valued consists essentially of two building structures. On the north boundary of the site, directly at the junction of Robert-Bosch-Strasse and Giessener Pforte, there is a Burger-King restaurant as a detached building with the necessary parking spaces and a drive-in area. This building is a classical fast food restaurant and is in good condition. Connected on the south side there is a former car show room which is now vacant space. Here also there are adequate parking spaces on the property. Because of the falls of the site this property lies slightly above Burger-King. On the south boundary of the site – again slightly raised – there are further parking spaces and a smaller workshop building, which is now vacant. The two commercial properties are in proper condition and show no obvious defects.	1980, 1990	Freehold	Burger King	12.59		
2	Böblingen	71403	Otto-Lilienthal- Str. 38	DRESTATE Objekt Böblingen, Otto-Linienthal- Straße GmbH & Co. KG, Sitz Hamburg	Office	The property to be valued was built in 1980 and has three or four full storeys. It is built in the shape of a "Z" and access is provided in the centre through a central staircase with lifts. The façade consists of fair-faced concrete elements, the windows are of aluminium with external sunshades, the roof is constructed as a flat roof. The office space (mainly service areas on the ground floor) is fitted out for its specific purpose. Behind the building there is a car park with ca. 100 parking spaces. The façade is to be overhauled in the near future – yet already done in some parts – in order to upgrade the overall visual impression of the building and to prevent damage.	1979	Freehold	Compart AG	8.01		

No	Property	ZIP	Address	Owner	Type of Use	Property description	Construction/ Renovation	Tenure	Key Tenants	Term of Key Existing Lease(s)	Net Annual Rent in €	Market Value in €
3	Dietzenbach	63128	Waldstrasse 29	DRESTATE Objekt Zweite GmbH & Co. KG, Berlin	Logistic	The property to be valued is a logistics property with an additional office building. The main shed building with a floor area of ca. 100 x 230 m has two storeys over large parts of it. Deliveries and despatches are made on the south-eastern longitudinal side via various loading ramps and docking gates. Inside the shed building a largely automated warehouse and transport system has been installed by the tenant for the storage and fabrication of textiles. There are shelving systems in some places. The clear height of the individual storey levels is between 4 and 4.5 m, in the area of the shelving systems there is no mezzanine floor. The shed building areas are equipped with sprinkler and fire alarm systems, to which is added technical installations to trap fire fighting water. The headquarters building has two storeys and a basement. In this building both the canteen and welfare facilities for the ca. 250 to 350 employees and also the head office areas for this location are accommodated. The fitting-out is suitable for its purpose. Behind the head office building a larger shed building has been added to increase the space available. Technically and visually the property makes a well-cared-for impression. Extensive investment has been made in the engineering by the tenant.	1989	Freehold	Kaufhof Warenhaus AG	2.00		
4	Berlin	13347	Oudenarder Str. 16	Lawyer Dr. Jürgen Hecker, Berlin Lawyer Dr. Wilfried, Munich Deutsche Real Estate Aktiengesellschaft, Bremerhaven, - as shareholder of a company constituted under civil law	Commercial	The property to be valued consists of several buildings which had been a location for the production of fluorescent tubes (OSRAM) in the past. Most buildings are situated around two inner courtyards. Below the inner courtyard at the front is a basement car park with ca. 200 parking spaces; the buildings have basements underneath (in parts), which are used for storage. The area of the inner courtyards is used as car park and for traffic lanes and open space. The individual buildings have between 2 and 5 full storeys. In some places the roof storeys are fitted out and are clad with yellow bricks. The windows have double glazing. The quality of the fitting-out of the leased premises varies between very basic (antiquated) and as-new, depending on their use and letting status.	1999, 1937, 1988, 1955	Freehold	Charité Universitätsmedizin SOS Kinderdorf Deutsches Herzzentrum Berlin	4.92 1.00-2.00 3.84		

No	Property	ZIP	Address	Owner	Type of Use	Property description	Construction/ Renovation	Tenure	Key Tenants	Term of Key Existing Lease(s)	Net Annual Rent in €	Market Value in €
5	Teltow	14513	Potsdamer Str. 10	DRESTATE Objekt Berlin-Teltow, Potsdamer Str. GmbH & Co. KG Hamburg	Office and Gastronomy	The property to be valued consists of two building structures and a common car park with ca. 80 parking spaces. On the eastern boundary of the site, Neissestrasse, there is a 5-storey office building (concrete slab construction). This has a basement underneath. The leased premises are in a very basic condition and require urgent repair in places. In particular the windows on the west side of the building show a clear backlog of maintenance. Letting will take place for some units room by room. Sanitary facilities and tea kitchens are used in common on each floor. On the north boundary of the site up to the western boundary of the site there is a single-storey retail property. This is fully basement. The basement can be used as storage space because of the storey height and the ramp access. Overall the property makes a basic to poor impression.	1970, 1979, 1990	Freehold	Handelsgesell. Doppelte Neun Wach- u. Schließdienst GmbH	7.42 2.75		

No	Property	ZIP	Address	Owner	Type of Use	Property description	Construction/ Renovation	Tenure	Key Tenants	Term of Key Existing Lease(s)	Net Annual Rent in €	Market Value in €
6	Goslar	38640	Im Schleeke 115, 116	DRESTATE Objekte Zweite GmbH & Co. KG, Hamburg	Warehouse	The property to be valued is a commercial property built in the early 1960s, comprising a headquarters building (4 storeys with staggered storey) with a single-storey extension (Building 1) and a 2-storey shed building (Building 2). The windows of Building 1 are wooden, centre-hung pivoting windows with insulating double glazing. The façade areas between the window strips are clad with dark wooden planks. In the basement floor, which because of the slope of the ground is partly above ground, there are archive and plant rooms. Access is provided by an entrance area between the main building and the extension. In the ground floor area of Building 2 there are storage and workshop areas. Because of the slope situation the upper storey becomes a ground floor storey in the west part of the building. On the upper floor there are 2-storey office areas arranged in a ring around internal storage areas. Between Building 1 and Building 2 there is a part of the building in which both conference rooms and a canteen area are accommodated. The heating installation for Building 1 is located in a separate building (former boiler house). This is a gas heating boiler built in 1984. The heating plant for Building 2 is on the ground floor of that building. This consists of two oil-fired boilers with a 50,000 litre-capacity tank lying underneath the courtyard. On the western boundary of the site there is a large open area used as a car park and lorry park. Beside Building 1 there is a car park. The whole property makes a well cared-for impression.	1961, 1963	Freehold	Trinks Getränke Logistik GmbH	0.58		
7	Heidelberg	69115	Mannheimer Str. 1	Deutsche Real Estate Aktiengesellschaft, Bremerhaven Rüdiger Burkert, geb. am 05.11.1953. Karlsruhe - in BGB-Gesellschaft -	Office and Residential	The property to be valued is a 3-4-storey office and residential building with a fitted-out roof storey and basement car park (30 parking spaces in 1st basement), and cellars (2nd basement), built in the mid-1990s. In front of and next to the building there are 11 further parking spaces. The building has a thermally insulated façade with a rendered and painted finish, a ground floor and staircase bay with coloured ceramic tiles, a pitched roof with dormer windows, and coloured aluminium windows with insulated double glazing. The office areas are fitted out to an average standard.	1993	Freehold	Gold Key Media Germany GmbH Zeller&Partner GmbH Dosco Documents Systems Dosing GmbH	4.75 3.50 2.16 2.75		

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8	Berlin	13435	Wilhelmsruher Damm 229, 231- 245	K-Witt Kaufzentrum Wittenau GmbH & Co. KG, Hamburg	Retail Park	The property to be valued consists of several buildings and a car park with over 300 parking spaces. Starting out from the road Wilhelmsruher Damm one finds firstly an older industrial shed roof building, which is let to a DIY (do-it-yourself) store. This user runs along the eastern boundary of the site, initially on the ground floor of a two-storey building structure and connected in an L-shape to a newer shed building area, which forms the southern boundary of the site. North of this new shed building there is also an older building which is used by a supermarket and smaller retail units. On the upper floors of the two-storey building structure there are doctors' surgeries. Also on the Wilhelmsruher Damm boundary of the site there is a two-storey separate building in which there are both a pharmacy and a gastronomy business. The old building parts (partly DIY store and supermarket) have basements. This space is only very limited however and in use in some areas as storage space by the different users above. The windows on the upper floor of the two-storey building and in particular the roof surface of the old shed building on Wilhelmsruher Damm are in urgent need of repair. Altogether the older existing buildings and the external areas (car park) show a normal need for repair in line with their age and their use.	1985, 1998	Freehold	Bauhaus GmbH & Co. KG Otto Reichelt GmbH Dr. Lutz-Rainer Bartherl Frank Laskowski	2.00 7.01 8.33 12.84		

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9	Hamburg	22761	Mendelssohnstr. 15	DRESTATE Objekt Hamburg, Mendelssohnstraße GmbH & Co. KG, Hamburg	Office/ Warehouse/ Commercial	The property to be valued is a former commercial complex laid out in the shape of a horseshoe. The buildings are of different heights (between 1 and 5 storeys), clad with red brickwork and accommodating tenant units of different kinds. In addition to loft-type office units there are also storage areas and wholesale areas (sanitary wholesale). The fitting-out of the different tenant units has been undertaken in some cases by the tenants in accordance with their individual requirements. Besides simple large areas there are also areas with very high-quality finishes. Because of the building structure considerable flexibility in fitting-out is possible. The individual buildings have flat roofs with welded bitumen membrane coverings and all of them have their own access cores with staircases and in some cases lifts / goods lifts. The inner courtyard is used mainly for parking. The whole property makes a very well cared-for impression.	1920, 1960, 1980, 1989	Freehold	Eurofins Consumer Products Testing GmbH Sequenom GmbH Stollmann Entwicklungs- u. Vertriebs GmbH Bildkunst Akademie Hamburg	0.25 6.00 1.00 8.67		
10	Düsseldorf	40589	Bonner Str. 155	DRESTATE Objekt Düsseldorf, Bonner Straße GmbH & Co. KG, Hamburg	Warehouse	The property to be valued consists of two building structures: a three-storey production and head office building with additional staggered storey and a 7-storey head office building. In front, facing the street, there are a sufficient number of parking spaces. The production and head office building has production and storage space in the basement and on the ground, 1st and 2nd floors. In the staggered storey there are offices fitted out to a high standard. The technical equipment of the production areas includes separate water systems for drinking water and industrial water, steam and compressed air pipework, etc. – tailored to the requirements of the user. The plant rooms located on the roof (lift motor rooms) show damage on the facade. Otherwise the building makes a well-cared-for impression. The separate 7-storey head office building is not used at present by the tenant. In order to be able to let the space in it to others it is necessary to carry out modernization works.	1965	Freehold	Autohaus Gottfried Schulz	5.00		

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11	Frankenthal	67227	Beindersheimer Str. 79	DRESTATE Objekte Erste GmbH & Co. KG, Hamburg	Warehouse	The property to be valued is a commercial property built in the year 2000. It consists of a production and warehouse building ca. 100 m long by 45 m wide with an additional 3-storey office block at the gable end. The building is a reinforced concrete frame building with solid concrete elements and metal sandwich elements. The shed building has a mezzanine floor in part of the area. On this upper floor, besides recreational and sanitary facilities, there are also workshops and some offices accommodated. The roof of the shed building is a low-pitched roof of insulated metal profiles. The office block has a high-quality and prestige fit-out. On the site there is also a warehouse building ca. 65 m long by 15 m wide which was built in light-weight construction of metal elements, and also a building ca. 15 by 8 m which is fitted out as an experimental laboratory for special measurements (sound-proofing). The rest of the site is used as a car park, a hard-standing for containers and an open area. The whole property was built for the occupant and makes a very well-cared-for impression.	2000	Freehold	Wendt SIT GmbH & Co. KG	4.00		
12	Berlin	10969	Friedrichstr. 231	DRESTATE Objekt Berlin, Friedrichstraße GmbH & Co. KG	Office	The property to be valued consists of a 4/5-storey building with inner courtyards and an open area used as a car park behind the building. Access to the parking spaces and the individual entrances is provided through a passageway along the southern boundary of the site. The building has several entrance areas (in the area of the inner courtyards and of the front building), from which the leased premises can be accessed. The leased premises and the access areas are in good condition. In some places (particularly the front building) the fitting-out of the common areas is of high quality.	1902, 1993, 1994	Freehold	Campus Berufsbildungs e.V. Botschaft der Republik Albanien Reporter ohne Grenzen	5.16 0.41 4.75		

No	Property	ZIP	Address	Owner	Type of Use	Property description	Construction/ Renovation	Tenure	Key Tenants	Term of Key Existing Lease(s)	Net Annual Rent in €	Market Value in €
13	Berlin	10317	Hauptstr. 13	DRESTATE Objekt Berlin, Hauptstraße GmbH & Co. KG	Office and Storage	This is an older commercial property consisting of an office building (Building 9, concrete slab construction), a workshop/ office building (Building 1) and also a single-story industrial shed building (Building 5) and a larger open area. The office building has four full storeys and has been fitted out to a basic specification and in keeping with the purpose for which it was built. The lettable areas are offices, with some service areas. In some areas it will be necessary in the future to renovate the windows. The unlet areas require modernisation. The workshop/office building has between 2 or 4 storeys, depending on the use of the ground floor and the position in the building (head building). The building is clad with red bricks and has several access areas with staircases as well as (goods) lifts. In the area of each access core there are sanitary facilities. The unlet premises (on the 1st floor) have a loft-like character and are fitted out to a very basic standard. They would be suitable for studios, for example, and can be let room by room. The shed building is single-storeyed and is fitted out to a basic standard.	1913, 1927, 1993, 1994	Freehold	EAW Relaistechnik GmbH Alcedo Technologies GmbH Volksbühne	2.58 10.09 2.75		
14	Dietzenbach	63128	Waldstr. 66-76	DRESTATE Objekt Zweite GmbH & Co. KG, Berlin	Commercial Park	The property to be valued consists of 3 buildings which form a business park with office, service and warehouse space. The office areas to the different shed buildings have 2 storeys. Access is provided by several entrances with staircases and through roller-shutter doors, loading ramps and docking gates with the warehouse space. In some places the warehouse and service space is directly accessible from the office units. The clear height of the shed building space is ca. 6.8 m. The façade of the buildings consists of painted concrete pre-cast slabs, the windows are of aluminium with double glazing. In the office areas there are floor ducts with floor socket outlet boxes for cabling. At the entrance into the business park and next to the individual buildings there are parking spaces. The buildings make a technically and visually good impression on the whole. Because of the age of the buildings some repair works will be necessary in the next few years to the technical building services and the façade.	1972, 1992, 1996, 2005	Freehold	A&O GmbH Sketchers USA Deutschland GmbH MM Supplies GmbH Axson GmbH	10.09 7.01 2.00 4.58		

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15	Lübeck	23554	Bei der Lohmühle 21a	DRESTATE Objekte Zweite GmbH & Co. KG, Hamburg	Commercial	The property to be valued is a 2-storey building with an additional staggered storey in light-weight construction added on and also a smaller single-storey extension. The ground floor areas are used mainly by retailers. On the upper floor and roof storey there are office units. The façade is of brickwork, with aluminium windows and insulating double glazing and external sunshades. The property has several access cores. The main access is fitted out to a high standard with natural stone. The office units are fitted out to standards between normal and high quality. With the main tenant (Call Centre) there are open-plan offices (with 24-hour operation). The roof area around the staggered storey is laid with wooden planks and is used as a roof terrace. On the property there are parking spaces for the customers of the commercial units. In a basement car park there are further parking spaces (ca. 50 no.) for the tenants; the access road is at the rear of the building. The heating is provided from a gas central heating plant. The property makes a well cared-for impression.	1991, 2000, 2001	Freehold	walter services TeleCenter Detlef Louis Motorradvertriebs GmbH Otto GmbH & Co. KG	1.00 2.00 3.00		

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17	Hamburg	22529	Osterfeldstr. 12-14	DRESTATE Objekt Hamburg, Osterfeldstraße GmbH & Co. KG, Hamburg	Office	The property to be valued is an office and commercial complex consisting of three buildings. The individual buildings were put up in the 1960s, 1970s and after 2000 respectively. On the road there is first a 5-storey office building (Building 1). This is built in solid construction and has a flat roof. At an angle next to it on the eastern boundary of the site there is a single-storey warehouse building (Building 3), which is used by an electrical wholesaler. Behind this and lying across the site there is a 5-storey office building (Building 2) with an additional staggered storey. The basement enjoys natural day-lighting in places. These areas have their own ventilation system. On the rear part of the site there are ca. 160 parking spaces. The office buildings have been modernised and have aluminium windows with insulating double glazing and external sunshades, and each of them has several access cores. Building 1 also has a goods lift (carrying capacity 3 tonnes). Because of the form of construction a flexible room layout is possible, as is also the splitting of the individual storeys into several tenant units. The individual tenant units are fitted out differently according to their differing tenant requirements.	1965, 1967, 1970, 2002	Freehold	House of Brands Europäische Medien u. Business Yamaha Europe GmbH	8.01 4.25 1.66		
18	Limburgerhof	67117	Burgunderplatz 1-11	DRESTATE Objekt Limburgerhof Burgunderplatz GmbH & Co. KG mit dem Sitz in Hamburg	Commercial	The property to be valued is a commercial unit and an office unit together with storage space and 24 basement car park spaces in the co-ownership of a larger building complex. The whole property was built in the centre of Limburgerhof at the beginning of the 1980s and has shop and gastronomy units on the ground floor, some office space and a large number of flats and a basement car park. The commercial unit has an entrance area on the ground floor, while the main accommodation is to be found in the basement. Because of the use as a fitness studio the entrance area together with sanitary facilities is on the ground floor, in the basement is the gymnasium of the fitness studio. The office space is on the 1st floor. The whole building complex with its retail and gastronomy space and the town hall form the centre of Limburgerhof.	1983	Freehold	BISMA GmbH Beat Stefan Mack	1.50 2.92		

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19	Düsseldorf	40472	Wahlerstr. 37, 39	DRESTATE Objekte Erste GmbH & Co. KG, Hamburg	Warehouse	The property to be valued consists of three building structures. These are all industrial shed buildings with storey heights of ca. 8 m, with attached office areas. The shed building areas have delivery facilities with various ramps and roller-shutter doors. The two to three-storey office areas have separate entrance areas. The facades, depending on the building, consist of exposed aggregate concrete slabs (concrete slabs with gravel surface) and lacquered sheet metal elements. The roof surfaces were replaced in the last few years. Only the replacement of the roof area of the smallest building (Building D) is still outstanding. The condition of the buildings is appropriate for their age. The shed buildings have air heating but are not equipped with sprinkler or fire alarm systems. Along the inner access road and against the buildings there are parking spaces. A part of Building A/B (west property) has been equipped by the tenant with expensive security and air conditioning engineering because of its use as a computer centre.	1984, 1988	Freehold	Kintetsu World Express Deutschland GmbH myloc Managed Infrastructure KT EXKLUSIVE GmbH	4.00 9.01 1.67		
20	Ludwigshafen	67063	Rheinufer 71	DRESTATE Objekt Ludwigshafen Carl-Bosch-Straße GmbH & Co. KG, Hamburg	Office	The property to be valued is a 4-storey building put up in the 1980s as an extension of an already existing office building from the 1970s. On the ground floor there are premises – with different entrances – which are used commercially. The 3 upper floors have a direct connection on each floor to the adjacent floors of the neighbouring building. On each of the 3 upper floors there are three conference rooms for the adjacent office levels. The façade consists of fair-faced concrete, the windows are of aluminum with insulating double-glazing, the roof is constructed as a flat roof. The property has no utility supply connections of its own (water, electricity, heating) and no access of its own (with the exception of the ground floor area).	1983	Co-Ownership	BASF AG	4.33		

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21	Munich	80939	Maria-Probst- Str. 37	DRESTATE Objekt München Maria-Probst- Straße GmbH & Co. KG, Hamburg	Warehouse	The property to be valued is a warehouse (ca. 5,000 sqm), with a small office area (ca. 200 sqm) at the side of one gable end, built in 1970. The shed building is built in reinforced concrete frame construction, the roof consists of aerated concrete slabs with water proofing. The shed building consists of three parts of around equal width: a central aisle (clear height ca. 8m) and lateral aisles on each side (clear height ca. 5.50 m). At the gable end of the shed building there are diagonally placed loading ramps/ dock levellers. The lighting is provided by perimeter window strips to the lateral aisles and to the main aisles above the aisles naves. The tenant had carried out extensive modernisation works (technical M&E services, painting works, office areas including their windows etc.). Except for a turning and parking area in front of the shed buildings and a road going past the sides of the shed building the site is almost completely built over.	1970	Freehold	Rosa Buchsberger GmbH	1.75		
22	Saarbrücken	66111	Hafenstr. 16	DRESTATE Objekt Saarbrücken Hafenstraße GmbH & Co. KG, Hamburg	Office	The property to be valued is a modern office building with 5 full storeys and a basement with a basement car park. The basement car park is connected to the public car park adjoining it to the south. Access to the building is provided up a central staircase with a lift. The office space is contemporary and well finished, and there are floor ducts and floor socket outlet boxes available for cabling. The facade consists of metal elements and glazing almost to full room height in each case. The windows are of aluminium with double glazing and external sunshades. On the individual levels there are narrow balconies all round the buildings with access from the tenant premises. Through the building structure a flexible floor layout design is possible. Both visually and technically the property makes a very well-cared-for impression.	1998	Freehold	IKK Südwest - Direkt	2.25		

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23	Saarbrücken	66111	Kaiserstr. 25	DRESTATE Objekt Saarbrücken, Kaiserstraße GmbH & Co. KG, Hamburg	Commercial	The property to be valued is a commercial building from the 1970s with 5 full storeys and a staggered storey. To this must be added a basement with storage space and a basement car park with 42 car parking spaces. The building was originally built for a bank as a head office building. This can be seen still today from the ground floor extension, which was and is used for the banking hall and also from some internal access by means of stairs between the floors outside the actual access cores. On the ground floor there are a bank branch office and two retail businesses. The upper floors are used as offices. The specification of the office space is suitable for its purpose. Because of the building structure it is difficult to let in small units. The basement car park is used partly by customers of the bank and is thus not sufficiently available for the office space. The façade consists of light-colored concrete elements, the windows are of aluminium with double glazing.	1974, 2001, 2002	Freehold	IKK Südwest Commerzbank AG	3.00 - 6.00 2.00		
24	Worms	67547	Am Ochsenplatz 17	DRESTATE Objekt Worms, Am Ochsenplatz GmbH & Co. KG, Hamburg	Supermarket	The property to be valued is a classic single-storey supermarket offering a full range of goods with a car park containing over 200 parking spaces. In the entrance area of the Edeka store there is a bakery with a small café and a kiosk with a Lotto slip collection point. The building was put up in reinforced concrete frame construction. The flat roof consists of insulated metal elements. After it was built in 1980 modernisation works were carried out in 1995 and more recently in 2005. The property is in good condition.	1980, 1995, 2005	Freehold	EDEKA Handelsgesell. Südwest mbH	2.50		

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25	Frankfurt am Main	60489	Westerbachstr. 47	DRESTATE Objekte Zweite GmbH & Co. KG, Hamburg	Commercial	The property to be valued is a former head office and production operation, consisting of several buildings with one and five storeys. The building structure is divided mainly around 2 inner courtyards which are separated from each other by a central building. In the inner courtyards there are parking spaces. The individual buildings are used for different purposes. In one part of the space there are offices. These have been fitted out in accordance with the tenant's requirements. In some areas common sanitary facilities exist for different users. Some of the space is used as service and production space. The production space can be found on the ground floor of the long building on the eastern side and in the low buildings on the rear (south) part of the site. The individual buildings are accessed via various staircases and (goods) lifts installed partly at the front. Particularly for the production space there are also loading ramps. The facades consist of painted masonry blockwork. The technical and visual condition is satisfactory.	1903, 1929, 1995, 1997	Freehold	Sharp Business Systems Deutschland GmbH gtz AgenZ GmbH 100 Grad Kommunikation GmbH Martin-Color GmbH & Co. KG	5.00 4.00 3.16 6.25		
26	Norderstedt	22850	Kohfurth 15	DRESTATE Objekt Norderstedt, Kohfurth GmbH & Co. KG, Hamburg	Commercial	The property to be valued was built in several phases of construction and consists of different kinds of buildings. The main components are a single-storey retail area (Building 1) with an attached 3-storey office building (Building 2) and a separate 4-storey office building (Building 3). The retail area (Building 1) was expanded recently in order to enlarge the premises of the Edeka store and others established there. Further tenants in this building are a pharmacy, a KIK store and a pet food store (Futterhaus). Building 2 is used as a rehabilitation centre with medical facilities. Through a connecting corridor on the 1st floor there is also an upper storey area above Futterhaus. The space in Building 3 is used completely by a gambling establishment. In front of the Edeka store there are parking spaces. The facades of Building 1 and 2 are rendered and painted, Building 3 has a metal façade. All buildings have flat roofs with welded bitumen membrane coverings. The whole complex has a central gas heating plant which supplies all tenant units except for the Edeka store. With the exception of minor maintenance works the whole property makes a well cared-for impression.	1962, 1973, 1996, 2007	Freehold	EDEKA Handelsgesellschaft Reha-Zentrum-Nord GmbH Das Futterhaus	8.01 3.00 2.87		

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27	Seesen	38723	Rudolf-Diesel- Str. 1	DRESTATE Objekt Seesen, Rudolf-Diesel- Straße GmbH & Co. KG, Hamburg	Logistic	The property to be valued is a warehouse/ logistics building erected in 1993 with the dimensions 75 x 132 m. In front of the main building with a clear height of ca. 10.70 m there is a lower shed building along one of the long sides (clear height ca. 4.90 m), in which an office area and the delivery areas with dock levellers / docking gates are accommodated. The building was constructed in frame construction and has an insulated, membrane-covered roof. The façade consists of lacquered-metal, profiled sheeting. Heating is provided by a gas central heating boiler (built in 1993) with radiators in the office and sanitary facilities areas and air heaters in the shed building. The building is divided into three fire compartments and it is possible to drive all round it. In front of the office area there are parking spaces. The whole property makes a very well cared-for impression.	1993	Freehold	Rudolph Logistik GmbH	2.50		

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28	Stuttgart	70191	Rosenstein Str. 22, 24	DRESTATE Objekt Stuttgart, Rosensteinstr. GmbH & Co. KG, Sitz: Hamburg	Commercial	<p>The property to be valued is a modern 6-storey office building put up in 1997 with a basement car park containing ca. 75 parking spaces. On the ground floor there are gastronomy areas. The property has the shape of a "U" and encloses a large cinema (Multiplex, UFA) lying behind it. The façade is of granite slabs, the windows are of aluminium with insulating double glazing and external sunshades, the roof is a flat roof. The fitting-out of the office space corresponds to an average standard with carpeted floors, light-weight construction walls and cable trunking under the window sills. Access to the building is provided via 2 staircase cores which each have lifts. Because of the width of the building and the two access cores a letting in small units is only possible to a small extent.</p> <p>The property to be valued is a modern 6-storey office building put up in 1997 with a basement car park containing ca. 75 parking spaces. On the ground floor there are gastronomy areas. The property has the shape of a "U" and encloses a large cinema (Multiplex, UFA) lying behind it. The façade is of granite slabs, the windows are of aluminium with insulating double glazing and external sunshades, the roof is a flat roof. The fitting-out of the office space corresponds to an average standard with carpeted floors, light-weight construction walls and cable trunking under the window sills. Access to the building is provided via 2 staircase cores which each have lifts. Because of the width of the building and the two access cores a letting in small units is only possible to a small extent.</p>	1997	Freehold	Halim Keskin & Nima Nafeel Landeshauptstadt Stuttgart Ingeus GmbH	4.41 6.00 3.33		

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29	Stuttgart	70374	Lehmfeldstr. 7	DRESTATE Objekte Hamburg Vierundzwanzigste GmbH & Co. KG, Hamburg	Office	The property to be valued was built in 1997 and possesses four full storeys, a staggered storey and two basement storeys. Because of the sloping site the upper basement opens out to the rear at ground level. In the basements there are storage and service areas, on the full storeys there are office and archive areas and a conference room with a roof terrace in the staggered storey. The façade of the building is a rendered and painted thermally-insulated façade, the roof is a flat roof and the windows are of aluminium with external sunshades. Access is provided via a staircase with a lift at the side. Because of the low footprint size of ca. 120 sqm of net area per full storey a letting in small units is possible.	1995	Freehold	Schneider Kennzeichnung GmbH	3.00		
	Subtotal of Clara Portfolio										19,411,913.83	253,329,000
Other Portfolio												
30	Hamburg	22113	Pinkertweg 20, 20a	DRESTATE Objekt Hamburg, Pinkertweg GmbH, Hamburg	Warehouse building	The property consists of 3 logistic and 2 office buildings and a repair shop. The office building number 1 is a six-storey building with a two storey extension. The second building is a four-storey construction. All buildings have a flat roof. Each of the office buildings has a gas central heating.	1977, 1981	Freehold	APEX GmbH Bundesanstalt f. Immobilienaufgaben Liebisch GmbH	5.16 2.96 0.75		
31	Frankfurt am Main	60313	Rahmhofstr. 2, 4	DRESTATE Objekte Vierte GmbH & Co. KG, Hamburg	Commercial building	The property consists of an office building with a shopping arcade on the ground floor. The building is a seven- storey construction with two basement stories. The facade is classified as historical monument to the streets and as a glass-facade to the back.	1958, 2007	Freehold	Gadeler Str. 77 Projekt GmbH Firer GmbH Dr. Reinhard Köber, Dr. Thomas Maier	4.50 5.25 13.59		
32	Lüneburg	21337	Lilienthalstr. 1	DRESTATE Objekte Dritte GmbH & Co. KG in Hamburg	Logistic building	The property consists of 3 logistic buildings and an office extension on building 1. The buildings are single-floor constructions. There is an open area of 21,000 sqm on the south of the property for expansion.	1987, 1997	Freehold	Deerberg Versand GmbH Studio Hamburg Traumfabrik	8.01 8.01		

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33	Berlin	13437	Roedernallee 89/90	K-Witt Kaufzentrum Wittenau II GmbH & Co. KG,	Mixed use building	The property consists of a building complex with a former cinema and some extensions. The construction sections are of different years. The ground floor is let to a bank, gastronomy and a retail shop. On the upper floors are offices, surgery and residential units.	1985, 1998	Freehold	Restaurant Cavallino Claudia Weinhold Rechtsanwältin Elke Dommann	4.50 0.25 3.92		
	Subtotal of Other Portfolio										4,474,303.19	60,408,000
Z3-Portfolio												
1	Görlitz	02826	Pontestr. /Grüner Graben	Summit Real-Estate Maroon GmbH, Berlin	Office	The property to be valued is a 4-storey office building, consisting of 3 detached parts of the building. The building was constructed in 1892 and refurbished in 2002. The property is a massive construction with a gabled roof and two flat roofs. The flat roof are covered with bitumen roofing. The gabled roof is covered with tiles. There are 90 parking spaces on the site. The property is in good condition. The property is under monument protection.	1892, 2002	Freehold	Landkreis Görlitz	8.01		
2	Cottbus	03046	Brandenburgerplatz 49, 49a, 49b, 50	Summit Real-Estate Epsilon GmbH, Berlin	Retail	The property to be valued is a 4-storey office and retail building. It was constructed in 1996. On the ground floor there is a large-scaled retail are with large-scaled window front. The upper floors are accessibly through a separate entrance and currently used as fitness and office area. There is an open car park. The property is in good condition.	1996	Freehold	Multipolster GmbH & Co. Handels-KG Fitness First Germany GmbH	1.58 4.67		
3	Leipzig	04178	Heinrich-Heine-Str.	Summit Real-Estate Lime GmbH, Berlin	Discounter	The property to be valued is a 1-storey retail building (food-discounter). It was constructed in 1997. There are 71 parking spaces on the site. The property makes a good overall impression.	1997	Freehold	Netto	1.36		
4	Markkleeberg	04416	Weinteichstr. 3	Summit Real-Estate Amber GmbH, Berlin	Logistic	The property to be valued is a technical and logistics property, consisting of 2-storey office building and large-scaled hall. It was constructed in 1993. There are 52 parking spaces on the site. The property is in good condition	1993	Freehold	Continental Reifen	0.75		
5	Trebsen	04687	Wurzener Str. 9	Summit Real-Estate Krypton GmbH, Berlin	Discounter	The property to be valued is a 1-storey retail building (hypermarket). It was constructed in the year 2003. There are 80 parking spaces on the site. The property makes a good overall impression.	2003	Freehold	Edeka (Diska)	1.94		

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6	Aschersleben	06449	Daimlerstr. 2	Summit Real-Estate Brown GmbH, Berlin	Retail	The property to be valued is a 1-storey retail building (DIY-superstore). It was constructed in 1993. There are 230 parking spaces on the site. The property is in average condition. On the flat roof there is a photovoltaic system.	1993	Freehold	toom Baumarkt	0.25		
7	Bitterfeld-Wolfen	06766	Fritz-Weineck-Str. 16	Summit Real-Estate Lilac GmbH, Berlin	Discounter	The property to be valued is a 1-storey retail building (food discounter). The building is a massive construction with a gabled roof covered with tiles. It was constructed in the year 2004. There are 82 parking spaces on the site. The parking area is paved. The property is in good condition.	2004	Freehold	Penny-Markt GmbH	2.29		
8	Chemnitz	09113	Limbacher Str. 25a	Summit Real-Estate Delta GmbH, Berlin	Office	The property to be valued is a 1-storey building, used as fire station and residential area. It was constructed in the year 1995. There are 4 parking spaces on the site. The property makes a good overall impression.	1996	Freehold	Stadt Chemnitz	7.42		
9	Berlin-Hellersdorf	12627	Heidenauer Str. 26	Summit Rea-Estate Lavender GmbH, Berlin	Retail	The property to be valued is a 2-storey retail building with representative glass hall, used as fitness club. It was constructed in the year 2002. There are 57 parking spaces on the site. The property makes a good overall impression.	2002	Freehold	ELIXIA GmbH & Co. KG	11.01		
10	Teltow	14513	Oderstr. 45	Summit Real-Estate Krypton GmbH, Berlin	Retail	The property to be valued is a 2-storey retail building, consisting of 4 retail units. The building was constructed in 1997. There is a open car park. The property makes a good overall impression.	1997	Freehold	BabyOne Getränke Hoffmann GmbH & Co KG	2.58 2.67		
11	Prenzlau	17291	Georg-Dreke-Ring 64	Summit Real-Estate Krypton GmbH, Berlin	Retail	The property to be valued is a 1-storey retail park (several fashion and footwear discounter, gastronomy). The building was constructed in 1985 and refurbished in 2006. There is a open car park. The property makes a good overall impression.	1985, 2006	Freehold	Reno Schuhcentrum GmbH Takko Holding GmbH NKD Vertriebs GmbH	1.16 1.16 0.16		
12	Rostock	18055	Grubenstr. 24	Lommy GmbH, Berlin	Office	The property to be valued is a 1-storey retail park (several fashion and footwear discounter, gastronomy). The building was constructed in 1985 and refurbished in 2006. There is a open car park. The property makes a good overall impression.	2000	Freehold	Netto MedX Rostock GmbH & Co. KG	7.59 3.42		
13	Hankensbüttel	29386	Schmiedestr. 3	Summit Real-Estate Krypton GmbH, Berlin	Discount	The property to be valued is a 1-storey retail building (fashion discounter). The building was constructed in 1994 and extended and renovated in 1998. There are 65 parking spaces on the site. The property makes a good overall impression.	2994/1998	Freehold	Witt GbR	1.08		

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15	Fritslar	34560	Giessener Str. 81	Summit Real-Estate Gamma GmbH, Berlin	Office	The property to be valued is a 1-storey logistics building with 3-storey entrance and office area. The building was constructed in various phases from 1976 to 2001. There is an open car park. The property makes a good overall impression.	1976-2001	Freehold	Range Logistik GmbH	5.16		
16	Brome	38465	Zu den Ohrenauen	Summit Real-Estate Krypton GmbH, Berlin	Discounter	The property to be valued is a 1-storey retail building (discounter). The building was constructed in 1993 and extended and renovated in 1998. There are 93 parking spaces on the site. The property makes a good overall impression.	1996/1998	Freehold	HolAB Getraenkemarkt	1.92		
17	Hürth	50354	Friedrich-Ebert-Str.	Summit Real-Estate Alpha GmbH, Berlin	Office	The property to be valued is a 4-storey office building. The building was constructed in 1974 and refurbished in 2004. There are 86 parking spaces on the site. The property makes a good overall impression.	1974/2004	Freehold	Kreispolizeibehörde Rhein-Erft-Kreis	4.50		
18	Cologne	50670	Gladbacher Wall 5	Summit Real-Estate Azure GmbH, Berlin	Mixed Used	The property to be valued was built in 1895 and consists of two five-storey traditional masonry structure main building with arched brick ceilings, reinforced concrete beams and decks, and a steel frame hall structure on the second floor. The roofs are partly sloped roofs with metal sheeting or elastomeric covering, and flat roofs with built-up roofing. The parking garage (built 2004/2005) is a concrete structure with pre-fabricated reinforced concrete beams and slabs and provides approx. 417 parking spaces. The upper deck is not covered. The subject property provides two schoolyards, one on the ground floor and the second one above the gymnasium roof, and open areas around the masonry building with service areas, sidewalks, parking spaces, and limited landscaped areas along the northern boundary.	1898/2006	Freehold	Stftung Bildung & Handwerk Köln Vermietungs GmbH & co. KG	7.17 2.75		
19	Neustadt Hambach	67434	Weinstr. 71	Summit Real-Estate Krypton GmbH, Berlin	Supermarket	The property to be valued is a 4-storey office building. The building was constructed in 1974 and refurbished in 2004. There are 86 parking spaces on the site. The property makes a good overall impression.	1948/1982	Freehold	Edeka Handelsgesellschaft	8.01		
20	Baiersbronn	72270	Freudenstädter Str. 2	Summit Real-Estate Krypton GmbH, Berlin	Supermarket	The property to be valued is a 3-storey building with retail use in the ground floor. The building was constructed in 1939 and refurbished in 1997 and 2002. There is an open car park. The property makes a good overall impression.	1939, 1997/2002	Freehold	Sport Klumpp GbR	12.01		

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21	Bad Wildbad	75323	Wilhelmstr. 31/35	Summit Real-Estate Krypton GmbH, Berlin	Retail	The property to be valued is a 4-storey office building, consisting of 3 detached parts of the building. The building was constructed in 1892 and refurbished in 2002. There are 90 parking spaces on the site. The property makes a good impression.	1884/1890 ; 1960/1970	Freehold	Spar	2.08		
22	Wiernsheim	75446	Wurmberger Str. 30-34	Summit Real-Estate Ruby GmbH, Berlin	Production	The property to be valued is an office and industrial park, consisting of 2-storey office building and large-scaled hall. The building was constructed in various phases from 1965 to 1991. There are several parking spaces on the site. The property makes a good overall impression.	1965-1991	Freehold	RTZ Rohrtrennzentrum GmbH Hahl Walzen GmbH	9.17 0.75		
23	Karlsruhe	76189	Otto-Wels-Str. 33	Summit Real-Estate Krypton GmbH, Berlin	Supermarket	The property to be valued is an 1-storey retail building (supermarket). The building was constructed in 1997. There is an open car park. The property makes a good overall impression.	1997	Freehold	Edeka Handelsgesellschaft	3.00		
24	Ettlingen- Bruchhausem	76275	Neue Bruchstr, 2a	Summit Real-Estate Krypton GmbH, Berlin	Supermarket	The property to be valued is an 1-storey retail building (hypermarket). The building was constructed in 1979. There are 50 parking spaces on the site. The property makes a good overall impression.	1979	Freehold	Edeka Handelsgesellschaft	2.50		
25	Muggensturm	76461	Karlsruher Str. 45	Summit Real-Estate Krypton GmbH, Berlin	Supermarkt	The property to be valued is a retail property, consisting of a 1-storey and a 2-storey building. The building was constructed in 1964. There are 50 parking spaces on the site. The property makes an average overall impression.	1946	Freehold	Edeka Handelsgesellschaft	3.00		
26	Triberg im Schwarzwald	78098	Gerwigstr. / Hornberger Str. 1	Summit Real-Estate Krypton GmbH, Berlin	Nutzungsart	The property to be valued in an 1- / 2-storey retail building (hypermarket). The building was constructed in 2001. There are - 50 parking spaces on the site. There is a good overall impression.	2001	Freehold	Edeka Handelsgesellschaft	3.00		
27	Badenweiler	79410	Ernst-Eisenlohr- Str. 25	Summit Real-Estate Krypton GmbH, Berlin	Supermarket	The property to be valued is an 1-storey retail building (hypermarket). The building was constructed in 1998. There in an open car park on the site. The property makes a good overall impression.	1998	Freehold	Edeka Handelsgesellschaft	4.00		

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28	Hof	95030	Windmühlenweg 12, 12a	Summit Real-Estate Indigo GmbH, Berlin	Office	The property to be valued is a 5-storey office building, consisting of 2 parts of the building. The building was constructed in 1960 and refurbished in 1993. The second building was constructed in 2000. There are 230 parking spaces on the site and in an underground carpark. The property makes a good overall impression.	1960/1993 ; 2000	Freehold	Fondsdepot Bank	4.00		
29	Erfurt	99089	Hieronimus- Schröter-Str. 2	Summit Real-Estate Magenta GmbH, Berlin	Supermarket	The property to be valued is an 1-storey retail building (hypermarket). The building was constructed in 2000. There are 56 parking spaces on the site. The property makes a good overall impression.	2000	Freehold	Edeka Handelsgesellschaft	12.84		
30	Erfurt	99094	Bischleber Str. 11	Summit Real-Estate Magenta GmbH, Berlin	Supermarket	The property to be valued is an 1-storey retail building, consisting of several retail units (hypermarket, pharmacy, bakery). The building was constructed in 1999. There are 55 parking spaces on the site. The property makes a good overall impression.	1999	Freehold	Edeka Handelsgesellschaft Geratal-Apotheke	0.92 4.16		
	Subtotal of Z3 Portfolio										6,928,459.49	88,140,000
Z6-Portfolio												
1	Dahlen	04774	Bahnhofstr. 118	Summit Real-Estate Lupus GmbH, Berlin	Retail	The property to be valued is a typical discounter. The building is a one storey massive construction with a gabled roof covered with tiles. The floor inside the building is tiled. The service zone is in the left side of the property. In front of the building there are sufficient parking spaces available. The external areas are asphalted and partly plastered.	2002	Freehold	Netto Markendiscount AG & Co. KG	3.14		
2	Naumburg	06618	Kösener Str. 100	Summit Real-Estate Lupus GmbH, Berlin	Retail	The property to be valued is a typical discounter. The building is a massive construction with a gabled roof covered with tiles. The entrance is in the right of the frontside. In the entrance area there is a bakery. The floor of the discounter is tiled. The service zone is on the left side of the property. In front of the building there sufficient parking spaces. The external areas are paved.	1994	Freehold	Netto Markendiscount AG & Co. KG	3.33		
3	Zwickau	08058	Schubertstr. 110, 112	Summit Real-Estate Delphinus GmbH, Berlin	Office	The property to be valued consists of three buildings. A three storey office building, a two storey office building and an older hall. The main building is a massive construction with a pent roof. It is fitted out with two staircases. The second building has a flat roof. The third property is a massive construction with a gabled roof. Furthermore the property consists of a large-scaled open area which is paved.	1992-2000	Freehold	GMG Generalmietgesellschaft mbH	1.00		

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4	Oberlungwitz	09353	Hohensteiner Str. 2	Summit Real-Estate Ursus GmbH, Berlin	Warehouse	The property to be valued is a typical warehouse building. The building is a massive construction with a flat roof. In front of the warehouse there is office section. The building is fitted out with 19 loading docks. The external areas are partly asphalted, partly covered with gravel and partly it is green area (meadow). Sufficient parking are available on the plot.	1994	Freehold	AWG Allgemeine Warenvertriebs GmbH	1.79		
5	Mittweida	09648	Bahnhofstr. 12	Summit Real-Estate Lupus GmbH, Berlin	Retail	The property to be valued is a massive one storey construction with a gabled roof covered with tiles. The front side is fitted out with a large-scaled window front. Currently two retail units are in existence. In front of the building there are sufficient parking spaces available. The property has no separate driveway.	2006	Freehold	K+K Schuhmarket GmbH Takko Holding GmbH	3.00 3.33		
6	Berlin	13409	Kühnemannstr. 21-49	Summit Real-Estate Kappa GmbH, Berlin	Warehouse	The property in Berlin, Kühnemannstrasse 21-49 consist of several different buildings. Attached to the neighbored buildings (owned by the company Kuhne, which is also a main tenant of the property) are halls built in different years (see at site plan: green marked, halls A and B). These are used for storage and production of the main tenant Kuhne and partly connected to the halls owned by the tenant on the neighbored plot. Beside there are one-storey storage and production buildings, mostly used for car repair etc. These buildings are from different age and as well different property condition (see at site plan: blue marked). Additionally there is a multi-family house existing (see at site plan: red marked, building A). This building is in an below-average condition from outside. The inner common areas as well as the flats are in a good condition, renovated and refurbished by the tenants themselves. Most of these tenants are living in the flats for many years now. Overall the property is in a below-average to average condition, taking its age into account and related to the use of the buildings.	1890-2000	Freehold	Carl Kuhne GmbH & Co. KG Horst Meyer GmbH Khalid Hammoud	1.67 - 3.42 4.00 1.83		

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7	Potsdam	14480	Trebbiner Str. 26	Summit Real-Estate Bos GmbH, Berlin	Warehouse	The property in Potsdam, Trebbiner Strasse, is a logistics complex, consisting of 4 halls with different size and a three-storey office building. The halls are build from concrete pre-fab elements with flat roof. The office building and the two large halls are used by the tenant himself. The two smaller halls are sub-let. Overall the property is in an average condition, taking it's age into account.	1980-1986	Freehold	Horst Lehmann Getraenke GmbH	8.50		
8	Rostock	18107	Trelleborger Str. 5+6	Summit Real-Estate Zeta GmbH, Berlin	Mixed	The property in Rostock, Trelleborger Straße, consists of two buildings. Trelleborger Str. 5 is a 3-storey building with flat roof which is constructed with precast concrete components. It consists of an office and storage area in the ground floor and office space in the first and second floor. The property has an outside car park and is heated by district heating. The interior is of average quality with PVC flooring and parapet channels. The toilets have a contemporary equipment. The building is in an average condition. Trelleborger Str. 6 is a 2-storey building with flat roof which is also constructed with precast concrete components. The heating system is also a district heating. It has an outside car park. The property has a entrance hall with staircase and lift. It is used as fitness studio and has a modern standard. It is in better condition than the other building.	1996	Freehold	Transcom McFit	2.00 2.00		
9	Hamburg	22525	Kronsaalsweg 88	DIC MSREF Objekt Hamburg GmbH, Frankfurt am Main	Office	The property in Hamburg, Kronsaalsweg, is a building rented by the GMG Generalmietgesellschaft (Deutsche Telekom). It is a detached building with 7 storeys and flat roof and additional multi-storey car park. It was built between 1982 and refurbished in 2005. The property has 5 lifts. The property has a gas heating. The toilets were partly refurbished within the last years. Carpet is laid throughout the office floors. There are some conference rooms and a canteen in the ground floor. Overall the property is in an average condition. The smoke dampers at the staircases have damages (leakages) and have to be replaced.	1982 / 2005	Freehold	GMG Generalmietgesellschaft mbH	2.75		

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10	Oldenburg	26133	Alter Postweg 11	Summit Real-Estate Camelus GmbH, Berlin	Office	The property in Oldenburg, Alter Postweg, is a semi-detached office building with a pitched roof and outside car park. The building has 3 storeys and a fully developed attic floor. It was built in 1929 and refurbished in 2006. The façade has a brick slip cladding. Altogether the property makes a good impression.	1929 / 2006	Freehold	EWE Immobilien GmbH Finanzamt für Fahndung und Strafsachen Oldenburg	1.58 - 2.84 9.38		
11	Bremen	28195	Breitenweg 55	Summit Real-Estate Delphinus GmbH, Berlin	Mixed Use	The property in Bremen, Breitenweg, is a semi-detached building with 7 storeys and flat roof. It was built in 1964. The ground floor was formerly used as gastronomy area and is currently vacant. The upper floors are used as office of which most of the space is also vacant. The property has no parking areas. The façade has a brick slip cladding. The facade, the windows and the outdoor facilities are in an under-average condition. Altogether the property is under-average maintained.	1964	Freehold	FG Studio	2.84		
12	Bremen	28309	Johann-von- Bodeck-Str. 7, 9	Grundstücksgesellschaft Gewerbepark Hansalinie mbH, Bremen	Office	The property in Bremen, Johann-von-Bodeck-Str., is a detached office building with 3 storeys and a flat roof. It was built in 2004. The façade has a metal facing. In front and beside the building an outside car park is located. Overall the property made an above-average impression. Beside the property there are two development areas for additional buildings.	2004	Freehold	TA Triumph Adler InPro Electric GmbH Markuns Frings Medizinische Geräte	0.33 2.08 2.75		
13	Hanover	30159	Alexanderstr. 7	Summit Real-Estate Papilio GmbH, Berlin	Office	The property in Hanover, Alexanderstrasse, is a four-storey building with a pitched roof storey. The façade has partly stucco and is painted. The courtyard can be achieved by a barnyard and is used for parking. An internal inspection could not be carried out. From outside no backlog of maintenance was visible. Overall the property impression is good.	1895	Freehold	Treuwerk Revision GmbH Nolte Schreiber Windhausen GbR Dr. Gleisberg RA Barbara Raduge	2.00 3.75 9.92 1.00		

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14	Hanover	30159	Prinzenstr. 4-6, Alexanderstr. 8	Summit Real-Estate Papilio GmbH, Berlin	Office	The property in Hanover, Prinzenstrasse, consists of two buildings: At Prinzenstrasse a historical building with a stone façade is located. This building has two entrances, each accessible by a staircase outside. The building has two storeys and an attic storey. Connected at the back via an courtyard and a single-storey adjacent building an three-storey office building is located at Alexanderstrasse. This building has also an attic storey and can be accessed via an own entry. The front façade at Prinzenstrasse is in an average condition, the façade at the back is in an below average condition, as several water damages can be seen. The building at Alexanderstrasse is in an below average condition. Half of the building at Prinzenstrasse (left), the adjacent build and the building at Alexanderstrasse are let, the rest of the building is vacant.. There is only a very limited number of parking spaces available in the courtyard.	1868, 1920	Freehold	Landeshauptstadt Hannover	1.00		
15	Obernkirchen	31683	Röserheide 16	Summit Real-Estate Formica GmbH, Berlin	Office	The property in Obernkirchen, Roserheide, is an office building rented by BKK 24. It consists of three detached buildings which were erected in three phases between 1988 and 2004. The buildings are connected with each other. The buildings of the 1st and 2nd phase have 2 storeys plus attic floor and a pitched roof. The building of the 3rd phase has 4 storeys, a flat roof an a glass façade. An outdoor car park is also on the plot. Each of the buildings has an own gas heating system. There are several conference rooms and a canteen available. Some of the windows in the attic floor of building 1 have leakages. Overall the property made an above-average impression.	1988, 2004	Freehold	BKK24	3.67		

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16	Gütersloh	33310	Determeyer Str. 60	Summit Real-Estate Ursus GmbH, Berlin	Warehouse	The property in Gütersloh, Determeyerstr., is a logistics building rented by Arvato distribution GmbH. It is a detached building which consists of 3 logistic halls and an office building with 2 storeys. The property was erected in several phases between 1977 and 1989. The façade has a metal structural cladding, the halls have skylights and several ramps on three sides of the property. The property has a gas heating system and a sprinkler system. Overall the property is in an average condition. The façade has some damages (corrosion and damages due to trucks). Most of the skylights have been renewed as a result of a hail damage. The permeable paving in front of the ramps has damages because of the high weight of the trucks.	1977, 1989	Freehold	Arvato distribution GmbH	3.09		
17	Erkrath	40699	Max-Planck-Str. 20, 22	Summit Real-Estate Grey GmbH, Berlin	Warehouse	The property in Erkrath, Max-Planck-Str., is a warehouse and office property. It consists of a semi-detached office building with two storeys and flat roof which is located on the street side of the plot. It has a central entrance, external solar protection and outside parking lots. The equipment seems to be of simple quality. The warehouse building is located on the back side of the plot. It has one and partly a second storey with flat roof and several ramps. It is in an under-average condition and bad maintained. Altogether the property has several damages at the façade, roller doors and windows which are caused by trucks and partly by vandalism. The pavement of the courtyard has damages due to the weight of the trucks. The tenant still moved out of the property.	1974, 1991	Leasehold	Vacant	0.00		
18	Gelsenkirchen	45888	Wildenbruchplatz 7	Summit Real-Estate Camelus GmbH, Berlin	Office	The property in Gelsenkirchen, Wildenbruchplatz, is a building rented by the City of Gelsenkirchen. It is a detached building with 8 storeys, flat roof and basement car park. It was built in 1967 and refurbished in 2002. The heating system is a district heating. PVC flooring is laid throughout the building. Parts of the ground floor were formerly used as preschool and will be converted to office space. Overall the property made an average impression.	1967, refurbishment 2002	Freehold	Stadt Gelsenkirchen Referat 23	9.25		

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19	Selters	56242	Im Geisenborn 2	Summit Real-Estate Salmo GmbH, Berlin	Retail	The property at Hammermühler Weg, Selters, is a DIY market, situated in a small commercial area in the north of the town centre of Selters. The property consists of a DIY market in wooden construction with glass façade and a gable roof with skylight strip as well as a large open sales area next to. For customers sufficient parking spaces (surface with concrete paving) are available on the plot. The building is equipped with a central heating with overhead heating in the sales area. The complete property is fenced. Overall the property is above average condition.	1998	Freehold	Baucentrum	13.51		
20	Dierdorf	56269	Königsberger Str. 3	Summit Real-Estate Salmo GmbH, Berlin	Retail	The property at Königsberger Str., Dierdorf, is a DIY market, situated in a small retail area in the west of the town centre of Dierdorf. The property consists of a DIY market in wooden construction with trapezoidal sheet metal façade and a gable roof with skylight strip as well as a small open sales area next to. For customers sufficient parking spaces (surface with concrete paving, partly asphalted) are available on the plot. The building is equipped with a central heating with overhead heating in the sales area. The complete property is fenced. Overall the property is in average condition.	1994	Freehold	Baucentrum Dierdorf GmbH	13.51		
21	Horhausen	56593	Industriepark 13	Summit Real-Estate Salmo GmbH, Berlin	Retail	The property at Industriepark, Horhausen, is a DIY market with office additon, situated in a small commercial area in the south of the town centre of Horhausen. The property consists of a DIY market in wooden construction with glass façade and a gable roof with skylight strip as well as a large open sales area next to. Furthermore a huge unkempt area (directly bordering) belongs to the property, too. For customers sufficient parking spaces (surface with concrete paving) are available on the plot in front of the market. The building is equipped with a central heating with overhead heating in the sales area. The complete property is fenced. Overall the property is in average condition.	1978, 1991, 2001	Freehold	Baucentrum Horhausen GmbH	13.51		

No	Property	ZIP	Address	Owner	Type of Use	Property description	Construction/ Renovation	Tenure	Key Tenants	Term of Key Existing Lease(s)	Net Annual Rent in €	Market Value in €
22	Bad Bergzabern	76887	Landauer Str. 2	Summit Real-Estate Omega GmbH, Berlin	Retail	The property at Landauer Str., Bad Bergzabern, is a retail market, situated in the town centre of Bad Bergzabern. The property was built in massive construction with plastered façade and a gable roof (metal sheed roofing). For customers sufficient parking spaces (surface with concrete paving, partly damaged) are available on the plot. The building is equipped with a central heating with overhead heating in the sales area. The plot has no enclosure and is publicly accessible. Overall the property is in average condition.	1981, 1994	Freehold	Daenisches Bettenlager	5.00		
23	Augsburg	86165	Zugspitzstr. 179/181	Summit Real-Estate Formica GmbH, Berlin	Office	The property in Augsburg, Zugspitzstraße, is a building rented by BKK Essanelle as the largest tenant, by a doctor, by Immobilienservice Deutschland GmbH which is the property manager, by KUKA AG which is the recent tenant, by a glamping hall, by the City of Augsburg with a child protective service and a privately rented apartment. It is a detached building erected in massive construction with a flat roof, a basement car park and two separate units/entry. It was built in 1994. The basement car park has 67 parking spaces of which all are rented. There are 20 additional outside plots. The property has 2 lifts. The oil central heating also dates from the year of construction 1994. The warm water is supplied by separate boiler in the units. The toilets are still in their original condition. The rental units are partly refurbished by the tenants themselves. The units by the glamping hall and city of Augsburg need refurbishments. The KUKA office unit is a open-plan office, the other offices have separated rooms. The expansion space of the building is leaking. Thus, there is damp damage in the underground parking, on the facade and on the outside parking space. The windows are mostly made of plastic and in good condition. Overall the property made a above-average impression.	1994, 1998	Leasehold	BKK Essanelle KUKA AG Stadt Augsburg Liegenschaftsamt	2.50 2.00 1.33		

No	Property	ZIP	Address	Owner	Type of Use	Property description	Construction/ Renovation	Tenure	Key Tenants	Term of Key Existing Lease(s)	Net Annual Rent in €	Market Value in €
24	Erolzheim	88453	Zeppelinstr. 12	Summit Real-Estate Lupus GmbH, Berlin	Retail	The property in Erolzheim, Zeppelinstraße, is a building rented by Netto discount supermarket and by a integrated optician in the entrance area. The optician also offers a post office. It is a detached building with a pitched roof and outside parking lots. It was built in 1998. The outside parking space has approx. 50 pitches. The property has one floor. Shop windows are on the entrance side. The property has a separately delivery. The retail space is tiled. Overall the property is in a good condition.	1998	Freehold	Netto Markendiscount AG & Co. KG	1.84		
25	Lauingen	89415	Herzog-Georg-Str. 53	Summit Real-Estate Lupus GmbH, Berlin	Office	The property in Lauingen, Herzog-Georg-Straße, is a building rented by Kimmerle Gewerbe Bau. The building is attached on two sides, erected in massive construction with a pitched roof and outside parking lots. It was built in 1701/1980. The building has 3 floors towards the Herzog-Georg-Street and is partially extended up to 6 floors. The outside parking space has approx. 20 pitches and can also be used by the public. The flat roof needs some maintenance. The windows are single glazed and have to be renewed. Overall the property made a under-average impression.	1701, 1980	Freehold	Kimmerle Gewerbe Bau	3.42		
	Subtotal of Z6 Portfolio										8,354,501.70	97,667,000
Total all properties											39,169,178.22	499,544,000

PART X

ADDITIONAL INFORMATION

1 Responsibility Statements

- 1.1 The Company, the registered office of which appears on page 12 of this document and the Directors of the Company, whose names appear on page 12 of this document, accept responsibility, both individually and collectively, for the information contained in this document and for compliance with the AIM Rules. To the best of the knowledge of the Company and the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 Deloitte LLP, the office address of which appears on page 13 of this document, accepts responsibility for its report set out in Part VII of this document. To the best of the knowledge of Deloitte (which has taken all reasonable care to ensure that such is the case), the information contained in its report is in accordance with the facts and does not omit anything likely to affect the import of such information
- 1.3 DIWG, the registered office of which appears on page 12 of this document, accepts responsibility for its report set out in Part IX of this document. To the best of the knowledge of DIWG (which has taken all reasonable care to ensure that such is the case), the information contained in its report is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 The Company

- 2.1 The Company was incorporated in Guernsey under the Companies Law with registered number 44692 on 19 April 2006 and was authorised in Guernsey as a closed-ended collective investment scheme. The Company's application to have such authorisation revoked was granted by GFSC on 21 January 2014.
- 2.2 The liability of the members of the Company is limited.
- 2.3 The principal legislation under which the Company operates is the Companies Law and the regulations made thereunder. The Company is registered in Guernsey.
- 2.1 The Company's registered office is at 1st & 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY1 1EW and its telephone number is +44 (0) 1481 700 300.
- 2.2 The Company's corporate website, at which the information required by Rule 26 of the AIM Rules can be found, is www.summitgermany.com. The Company can be contacted on the telephone number +44 (0) 1481 700 300.
- 2.3 The accounting reference date of the Company is 31 December.

3 The Company and its Principal Activities

- 3.1 The Company was incorporated in 2006 to be the ultimate parent company of the Group with the purpose of investing, through its Subsidiaries, in German commercial real estate. Details of the business of the Group are set out in Part II of this document.
- 3.2 The Company is the ultimate holding company of the Group, and has the following significant subsidiary undertakings and participations, being those considered by the Company to be likely to have a significant effect on the assessment of the assets and liabilities, financial position and/or profits and losses of the Group.

Company Name	Principal Activity	Country of Incorporation	Group's Aggregate Holdings %
Summit Finance Limited	Intermediate holding company	Guernsey	100%
Neston (International) Limited	Intermediate holding company	Gibraltar	100%
Summit Luxco S.à r.l	Intermediate holding company	Luxembourg	100%
Summit LoanCo Limited	Intra-group finance company	Guernsey	100%
Gallia invest S.à r.l	Intra-group finance company	Luxembourg	100%
Summit Re One GmbH	Intermediate holding company	Germany	100%
Summit Real-Estate Silver GmbH	Intermediate holding company	Germany	94.8%
Summit RE three GmbH	Intermediate holding company	Germany	100%
Summit Real-Estate Bronze GmbH	Intermediate holding company	Germany	94.8%
Summit Real-Estate Brown GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Indigo GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Maroon GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Lime GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Azure GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Alpha GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Lilac GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Delta GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Gamma GmbH	Real Estate company	Germany	99.7%
Lommy GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Amber GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Lavender GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Magenta GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Ruby GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Epsilon GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Krypton GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Bos GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Delphinus GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Formica GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Grey GmbH	Real Estate company	Germany	99.7%
Grundstücksgesellschaft Gewerbepark Hansalinie GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Kappa GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Lupus GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Omega GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Papilio GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Salmo GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Ursus GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Zeta GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Camelus GmbH	Real Estate company	Germany	99.7%
Summit RE Hamburg GmbH	Real Estate company	Germany	99.7%
Gadelander Str. 77 Projekt GmbH	Real Estate company	Germany	99.7%
Summit RE five GmbH	Intermediate holding company	Germany	100%
Summit RE Four GmbH	Intermediate holding company	Germany	100%

Company Name	Principal Activity	Country of Incorporation	Group's Aggregate Holdings %
Summit RE Lambda GmbH	Intermediate holding company	Germany	100%
W2005 Projectpauli GmbH	Intermediate holding company	Germany	99.33%
W2005 Pauli 1 BV	Intermediate holding company	Netherlands	94.90%
Deutsche Real-Estate AG	Intermediate holding company	Germany	78.473%
DRESTATE Objekt Berlin, Friedrichstraße GmbH & Co. KG	Real Estate company	Germany	78.47%
GET Grundstücksgesellschaft mbH	Intermediate holding company	Germany	47.08%
DRESTATE Objekt Hamburg, Mendelssohnstraße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Stuttgart, Rosensteinstraße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Berlin, Hauptstraße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Düsseldorf, Bonner Straße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Limburgerhof, Burgunderplatz GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Ludwigshafen, Carl-Bosch-Straße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Böblingen, Otto-Lilienthal-Straße GmbH & Co. KG	Real Estate company	Germany	78.47%
GbR Heidelberg, Mannheimer Straße	Real Estate company	Germany	68.66%
DRESTATE Objekte Erste GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Saarbrücken, Kaiserstraße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Saarbrücken, Hafenstraße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Berlin-Teltow, Potsdamer Straße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Norderstedt, Kohfurth GmbH & Co. KG	Real Estate company	Germany	70.62%
DRESTATE Objekte Hamburg Vierundzwanzigste GmbH & Co. KG	Intermediate holding company	Germany	78.47%
DRESTATE Objekte Zweite GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt München, Maria Probst Straße GmbH & Co. KG	Real Estate company	Germany	78.47%
Achte TAXXUS Real-Estate GmbH	Intermediate holding company	Germany	78.47%
DRESTATE Objekt Seesen, Rudolf-Diesel-Straße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Carreé Seestraße GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Services GmbH	Real Estate company	Germany	78.47%
Objekt Verwaltungs GmbH Deutsche Real	Intermediate holding company	Germany	39.24%
DRESTATE Objekte Dritte GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekte Vierte GmbH & Co. KG	Real Estate company	Germany	78.47%
Deutsche Shopping GmbH & Co. KG	Intermediate holding company	Germany	78.37%
Verwaltungsgesellschaft Objekte DRESTATE mbH	Intermediate holding company	Germany	39.24%
Objekt Verwaltungsgesellschaft 2013 DRESTATE mbH	Intermediate holding company	Germany	39.24%
K-Witt Kaufzentrum Wittenau GmbH & Co. KG	Real Estate company	Germany	78.47%

Company Name	Principal Activity	Country of Incorporation	Group's Aggregate Holdings %
DRESTATE Objekt Worms, Am Ochsenplatz GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Gießen-Linden, Robert-Bosch-Straße GmbH & Co. KG	Real Estate company	Germany	78.47%
K-Witt Kaufzentrum Wittenau II GmbH & Co. KG	Real Estate company	Germany	78.47%
DRESTATE Objekt Hamburg, Osterfeldstraße GmbH & Co. KG	Real Estate company	Germany	48.97%
DRESTATE Objekt Hamburg Pinkertweg GmbH	Real Estate company	Germany	78.47%
Grit 68. Vermögensverwaltungs GmbH	Real Estate company	Germany	78.47%
Verwaltung K-Witt Kaufzentrum Wittenau II GmbH	Real Estate company	Germany	78.47%
Beteiligungsgesellschaft Pinkertweg GmbH & Co. KG	Real Estate company	Germany	78.47%
Verwaltungsgesellschaft DRESTATE mbH	Real Estate company	Germany	78.47%
DRESTATE Wohnen GmbH	Real Estate company	Germany	78.47%
Verwaltungsgesellschaft Deutsche Real Estate GmbH	Real Estate company	Germany	78.47%

3.3 The following Subsidiaries are legally owned by the Group but are dormant companies with no activity:

Company Name	Principal Activity	Country of Incorporation	Group's Aggregate Holdings %
Summit RE Trochilus	Real Estate company	Germany	99.7%
Siebte Verwaltungsgesellschaft DRESTATE GmbH	Company in liquidation	Germany	78.47%
Summit Sterne Guernsey Ltd	Intermediate holding company	Guernsey	100%
Summit RE Nepa GmbH	Dormant company with no activity	Germany	94.8%
Summit RE Hirundo GmbH	Dormant company with no activity	Germany	94.8%
Summit RE Locusta GmbH	Dormant company with no activity	Germany	94.8%
Summit RE Titanium GmbH	Dormant company with no activity	Germany	94.8%
Summit RE Platinum GmbH	Dormant company with no activity	Germany	94.8%

3.4 The following Subsidiaries, which are still legally owned by the Group, have been ceased to be consolidated into the Group since 31 December 2012 because the Group no longer exercise control in respect of those portfolios.

Company Name	Principal Activity	Country of Incorporation	Group's Aggregate Holdings %
Summit RE Two GmbH	Intermediate holding company	Germany	100%
Summit Real-Estate Gold GmbH	Intermediate holding company	Germany	94.8%
Summit Real-Estate Magdeburg GmbH	Intermediate holding company	Germany	100%
M.S.C Objekt Magdeburg KG	Real Estate company	Germany	99.7%
Summit Real-Estate Hanau GmbH	Intermediate holding company	Germany	100%
M.S.C Objekt Hanau KG	Real Estate company	Germany	99.7%
Summit Real-Estate Blue GmbH	Real Estate company	Germany	99.7%

Company Name	Principal Activity	Country of Incorporation	Group's Aggregate Holdings %
Summit Real-Estate Orange GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Yellow GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate White GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Red GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Purple GmbH	Real Estate company	Germany	99.7%
BDPE S.à r.l	Real Estate company	Luxembourg	99.7%
Summit RE Cammarus GmbH	Real Estate company	Germany	99.7%
Summit Real-Estate Black GmbH	Real Estate company	Germany	99.7%
Summit RE GmbH & Co. Black 1KG	Real Estate company	Germany	99.7%
Summit RE GmbH & Co. Black 2KG	Real Estate company	Germany	99.7%
Summit RE GmbH & Co. Black 3KG	Real Estate company	Germany	99.7%

4 Share Capital

- 4.1 The Company was incorporated with power to issue an unlimited number of Ordinary Shares of no par value and two Ordinary Shares were issued nil paid to the subscribers to the memorandum of association.
- 4.2 The Ordinary Shares of the Company were admitted to trading on AIM on 25 May 2006.
- 4.3 Following the mandatory cash offer for the Company by Unifinter, the trading of the Company's Ordinary Shares on AIM was cancelled from 9 June 2009.
- 4.4 As at 31 December 2010, the Company had a total of 275,000,000 issued Ordinary Shares of no par value.
- 4.5 There has been no change of share capital in the Company between 1 January 2010 and 30 June 2013. As at 30 June 2013, the Company had a total of 275,000,000 issued Ordinary Shares of no par value.
- 4.6 On 31 December 2013, 36,000,000 Ordinary Shares of no par value were purchased by the Company from Unifinter in cash at a price of €0.5955 per share and cancelled.
- 4.7 As at the date of this document, the Company had a total of 239,000,000 issued Ordinary Shares of no par value.
- 4.8 The authorised and issued share capital of the Company as at the date of this document and as it will be immediately following Admission is set out below:

	Authorised Number of Ordinary Shares	Amount	Issued and fully paid Number of Ordinary Shares	Amount
At the date of this document				
Ordinary Shares	Unlimited	No par value	239,000,000	No par value
Immediately following Admission				
Ordinary Shares	Unlimited	No par value	293,971,291	No par value

- 4.9 In accordance with the power granted to the Directors by the Articles, it is expected that the Placing Shares will be allotted and issued (conditional upon Admission) pursuant to a resolution of the Board to be passed shortly before Admission. The allotment and issue of such Ordinary Shares will not be made on a pre-emptive basis. There are no provisions of Guernsey law equivalent to sections 560 to 563 of the Companies Act which confer pre-emption rights on existing shareholders in connection with the allotment of equity securities for cash.
- 4.10 The Company has not issued any unpaid or partly paid Ordinary Shares nor any convertible securities, exchangeable securities or securities with warrants. The Company does not hold any shares in treasury. There are no shares in the issued share capital of the Company that do not represent capital.
- 4.11 The Company has applied for the Ordinary Shares to enter the CREST system from the date of Admission to enable them to be traded in uncertificated form. Temporary documents of title will not be issued.
- 4.12 There are no shares in the Company which are held by, or on behalf of, the Company and none of the Company's Subsidiaries holds any shares in the Company.
- 4.13 The International Security Identification Number for the Ordinary Shares is GG00BJ4FZW09.

5 Directors' and Other Interests

- 5.1 As at the date of this document, the interests of the Directors (all of which are beneficial) and persons connected with them in the issued share capital of the Company and following Admission (assuming full subscription under the Placing) such interests being those which could, with reasonable diligence, be ascertained by that Director, whether or not held through another party, are as follows:

	<i>Immediately prior to Admission</i>		<i>Immediately following Admission</i>	
	Ordinary Shares		Ordinary Shares	
	Number	% of issued Share Capital	Number	% of Issued Share Capital
Zohar Levy	141,966,000	59.4%	141,966,000	48.3%
Sharon Marckado Erez	-	-	-	-
Quentin Spicer	59,040	0.025%	59,040	0.020%
Tim Parkes	-	-	-	-
Harry Hyman	-	-	80,000	0.027%

- 5.2 None of the Directors or any members of their families hold any related financial product referenced to the Ordinary Shares.
- 5.3 The following advisers to the Company in connection with the Admission will receive new Ordinary Shares (to be issued at the Pricing Price per share) in lieu of some or all of their respective advisory fees. The number of new Ordinary Shares to be received by each such adviser in consideration for all or part of the services provided by such adviser are disclosed in the table below:

Adviser	Value of services received (€)	Number of new Ordinary Shares	% of Issued Share Capital immediately following Admission
Norton Rose Fulbright LLP	400,000	634,921	0.22%
Broker Profile Limited	166,099	263,649	0.09%
Lurie & Associates LLP	90,000	142,857	0.05%
Chet Sarid Sapir-Hen Lavron	250,000	396,825	0.13%
Cenkos Securities plc	1,368,205	2,171,755	0.74%
Total	2,274,304	3,610,007	1.23%

6 Memorandum and Articles of Incorporation

6.1 The following is a brief summary of certain material provisions of the Memorandum and Articles of Incorporation of the Company:

6.2 The Company's objects are unrestricted.

6.3 The Articles of Incorporation of the Company contain provisions, inter alia, to the following effect:

(a) Share rights

The Directors are authorised to issue shares of such classes as they may determine in accordance with the Articles.

(b) Issue of shares

Subject to the provisions of the Articles, the unallotted and unissued shares of the Company shall be at the disposal of the Board, which may dispose of them to such persons and in such manner and on such terms as the Board may determine from time to time. Where the Company has only issued a single class of shares, the Directors are generally and unconditionally authorised to exercise all powers of the Company to allot and issue shares of that class or to grant rights to subscribe for, or to convert any securities into, such shares. Where the Company has issued different classes of shares, the Directors are generally and unconditionally authorised to exercise all powers of the Company to allot and issue, grant rights to subscribe for, or to convert any securities into, an unlimited number of shares of each class in the Company and, where required by the Companies Law, such authority shall expire on the date which is five years from the date of the adoption of the Articles (unless previously renewed, revoked or varied by the Company in general meeting) save that the Company may before such expiry make an offer or agreement, which would or might require shares to be allotted and issued after such expiry and the Directors may allot and issue shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

(c) Dividends and other distributions

The Directors may from time to time authorise dividends and distributions (as those terms are defined under the Companies Law) to be paid to the Shareholders in accordance with the procedure set out in the laws of Guernsey and subject to any Shareholder's rights attaching to their shares and the amount of such dividends or distributions paid in respect of one class may be different from that of another class. The declaration of the Directors as to the amount of the dividend or distribution available shall be final and conclusive.

All dividends and distributions declared in respect of a class of share shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares of the relevant class during any portion or portions of the period in respect of which the dividend or distribution is paid; but if any share of a particular class is issued on terms providing that it shall rank for dividend or distribution as from a particular date such share shall rank for dividend or distribution accordingly.

The Directors may, in relation to any dividend or distribution, direct that the dividend or distribution shall be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares, debentures, or other securities of any other company, and where any difficulty arises in regard to the dividend or distribution the Directors may settle it as they think expedient, and in particular may authorise any person to sell and transfer any fractions or may ignore fractions altogether, and may fix the value for dividend and distribution purposes of any assets or any part thereof and may determine that cash shall be paid to any Shareholders upon the footing of the value so fixed in order to secure equality of dividend or distribution and may vest any assets the subject of a dividend or distribution in trustees as may seem expedient to the Directors.

All unclaimed dividends or distributions may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted as trustee in respect thereof. All dividends unclaimed on the earlier of (a) 12 years after the date when it first became due for payment and (b) the date on which

the Company is wound up shall be forfeited and shall revert to the Company without the necessity for any declaration or other action on the part of the Company.

(d) Voting

Subject to the provisions of the Articles and any special rights, restrictions or prohibitions as regards voting for the time being attached to any Ordinary Shares, the Ordinary Shares shall carry the right to receive notice of and attend and/or vote at any general meeting of the Company or class meeting and at any such meeting:

- (i) on a show of hands every holder of Ordinary Shares present in person and entitled to vote shall have one vote; and
- (ii) on a poll every holder of Ordinary Shares present in person at any general meeting of the Company or class meeting shall have one vote for each Ordinary Share held by them.

Save in certain limited circumstances, C Shares will not carry the right to attend and receive notice of any general meetings of the Company, nor will they carry the right to vote at such meetings.

(e) Capital

Subject to the Articles and to the rights of any Ordinary Shares which may be issued with special rights or privileges, on a winding-up of the Company or other return of capital attributable to the Ordinary Shares (as determined by the Directors) (other than by way of a repurchase or redemption of shares in accordance with the provisions of the Articles and the Companies Law), the surplus assets of the Company attributable to the Ordinary Shares (as determined by the Directors) and available for distribution shall be paid to the holders of Ordinary Shares of each class pro rata to the relative Net Asset Values of each of the classes of Ordinary Shares calculated in accordance with the Articles and within each such class such assets shall be divided *pari passu* among the holders of Ordinary Shares of that class in proportion to the number of Ordinary Shares of such class held by them.

(f) C Shares

C Shares are shares which convert into Ordinary Shares only when a specified proportion of the net proceeds of issuing such C Shares have been invested in accordance with the Company's investment policy (prior to which the assets of the Company attributable to the C Shares are segregated from the assets of the Company attributable to the other classes of shares). The issue of C Shares would therefore permit the Board to raise further capital for the Company whilst limiting any dilution of investment returns for existing Shareholders which might otherwise result.

(g) Pre-emption rights

There are no provisions of Guernsey law which confer rights of pre-emption in respect of the allotment and issue of the Ordinary Shares. However, the Articles provide that the Company is not permitted to grant or allot and issue (wholly for cash) equity securities (including Ordinary Shares or C Shares or rights to subscribe for, or convert securities into, Ordinary Shares or C Shares) or sell (wholly for cash) any equity securities held in treasury, unless, subject to certain exceptions, it shall first have offered to grant, allot and issue to each existing holder of equity securities, as applicable, on the same or more favourable terms a proportion of those equity securities the aggregate value of which (at the proposed issue price) is as nearly as practicable equal to the proportion of the total Net Asset Value of the Company represented by the equity securities held by such Shareholder. These pre-emption rights do not apply to (inter alia) an allotment and issue of equity securities the aggregate value of which (at the proposed issue price) amounts to ten per cent. or less of the total Net Asset Value of the Company or to the allotment and issue of equity securities in connection with any employees' share scheme (or any equivalent scheme for non-employee directors and/or consultants providing services to the Company and/or any Subsidiary Undertaking) adopted by the Company.

(h) Variation of rights

If at any time the shares of the Company are divided into different classes, all or any of the rights for the time being attached to any share or class of shares (and notwithstanding that the Company may or may be about to be in liquidation) may be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of more than two thirds in number of the issued shares of that class or with the consent of an extraordinary resolution passed at a separate general meeting of the holders of shares of the class duly convened and held as provided in the Articles, but so that the quorum at such meeting (other than an adjourned meeting) shall be two persons holding or representing by proxy at least one third of the voting rights of the class in question (excluding any shares of that class held as treasury shares) (and so that at any adjourned meeting one holder entitled to vote and present in person (whatever the number of shares held by him) shall be a quorum) provided always that where the class has only one Shareholder, that Shareholder shall constitute the necessary quorum and any holder of shares of the class in question can demand a poll. At any such separate general meeting: (a) on a show of hands every holder of shares of the relevant class present in person and entitled to vote shall have one vote; and (b) on a poll every holder of shares of the relevant class present in person and entitled to vote shall have one vote for each share of such class held by him.

The rights conferred upon the holders of the shares of any class issued with preferred, deferred or other rights (including, without limitation, Ordinary Shares, and C Shares, as the case may be) shall not (unless otherwise expressly provided by the terms of issue of the shares of that class) be deemed to be varied by (a) the creation or issue of further shares or classes of shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith or having rights to participate only in a separate pool of assets of the Company provided in any event that such shares do not rank in any respect in priority to any existing class of shares or (b) the purchase or redemption by the Company of any of its own shares (or the holding of such shares as treasury shares).

(i) Disclosure of interests in Shares

The Board shall have power by notice in writing to require any Shareholder to disclose to the Company the identity of any person other than the Shareholder who has, or has had at any time during the three years immediately preceding the date on which the notice is issued, any interest (whether direct or indirect) in the shares held by the Shareholder and the nature of such interest. For these purposes, a person shall be treated as having an interest in shares if they have any interest in them whatsoever, including but not limited to any interest acquired by any person as a result of:

- (i) entering into a contract to acquire them;
- (ii) not being the registered holder, being entitled to exercise, or control the exercise of, any right conferred by the holding of the shares;
- (iii) having the right to call for delivery of the shares; or
- (iv) having the right to acquire an interest in shares or having the obligation to acquire such an interest.

Any notice shall require any information in response to such notice to be given in writing within the prescribed deadline as determined in accordance with the Articles.

If any Shareholder has been duly served with a notice given by the Board in accordance with the Articles and is in default after the prescribed deadline (as determined by the Board in accordance with the Articles) in supplying to the Company the information thereby required, then the Board may in its absolute discretion at any time thereafter serve a notice (a “**Direction Notice**”) upon such Shareholder.

A Direction Notice may direct that, in respect of:

- (i) any shares in relation to which the default occurred (all or the relevant number as appropriate of such shares being the “**Default Shares**”); and

- (ii) any other shares held by the Shareholder, the Shareholder shall not be entitled to vote at a general meeting or meeting of the holders of any class of shares of the Company either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company or of the holders of any class of shares of the Company.

Where the Default Shares represent at least 0.25 per cent. of the number of shares in issue of the class of shares concerned, the Direction Notice may additionally direct that in respect of the Default Shares any dividend or distribution or the proceeds of any repurchase, redemption or repayment on the Default Shares or part thereof, which would otherwise be payable on such shares, shall be retained by the Company without any liability to pay interest thereon when such money is finally paid to the Shareholder.

No transfer other than an approved transfer (of the Default Shares held by such Shareholder) shall be registered unless:

- (i) the Shareholder is not himself in default as regards supplying the information requested; and
- (ii) when presented for registration, the transfer is accompanied by a certificate by the Shareholder in a form satisfactory to the Board to the effect that after due and careful enquiry, the Shareholder is satisfied that no person who is in default as regards supplying such information is interested in any of the shares the subject of the transfer.

The Board shall be required to exercise its powers of disclosure of interested parties if requisitioned to do so in accordance with the Articles by Shareholders holding at the date of the deposit of the requisition not less than one tenth of the total voting rights attaching to the Ordinary Shares at the relevant time.

(j) Notification of Interests

The Articles incorporate by reference the provisions of Chapter 5 of the DTRs. The DTRs detail the circumstances in which a person may be obliged to notify the Company within two business days that he has an interest in voting rights in respect of Ordinary Shares in the Company. An obligation to notify the Company arises when the percentage of voting rights which a person holds reaches, exceeds or falls below 3 per cent. of the voting rights attaching to any class of the shares or moves through any whole percentage point above 3 per cent.

Where a Shareholder fails to comply with the DTRs, the Directors may by delivery of a notice to the applicable Shareholder: (i) suspend the right of such Shareholder to vote in person or by proxy at any meeting of the Company (until a date that is not more than seven days after the Company has determined in its sole discretion that the Shareholder has cured the noncompliance with the provisions of DTR5); and/or (ii) withhold, without any obligation to pay interest thereon, any dividend or other amount payable, render ineffective any election to receive shares of the Company instead of cash in respect of any dividend or part thereof and/or prohibit the transfer of any shares of the Company held by the Shareholder except with the consent of the Company.

(k) Transfer of Shares

Subject to the Articles (and the restrictions on transfer contained therein), a Shareholder may transfer all or any of his Shares in any manner, which is permitted by the Companies Law or in any other manner which is from time to time approved by the Board.

A transfer of a certificated Share shall be in the usual common form or in any other form approved by the Board. An instrument of transfer of a certificated Share shall be signed by or on behalf of the transferor and, unless the Share is fully paid, by or on behalf of the transferee.

The Articles provide that any class of share may be admitted to settlement by means of an Uncertificated System (as defined in the Articles) in such manner provided for and subject as provided in the Regulations (as defined in the Articles) and the rules of any Uncertificated System and accordingly no provision of the Articles shall apply in respect of an uncertificated share to the extent that it requires or contemplates the effecting of

a transfer by an instrument in writing or the production of a certificate for the shares to be transferred.

Every instrument of transfer of a certificated share shall be left at the registered office or such other place as the Board may prescribe with the certificate of every share to be transferred and such other evidence as the Board, may reasonably require to prove the title of the transferor or his right to transfer the shares, and the transfer and certificate (if any) shall remain in the custody of the Board but shall be at all reasonable times produced at the request and expense of the transferor or transferee or their respective representatives. A new certificate shall be delivered free of charge to the transferee after the transfer is completed and registered on his application and when necessary a balance certificate shall be delivered if required by him in writing.

The Board may, in its absolute discretion and without giving a reason, decline to transfer, convert or register any transfer of any share in certificated form or (to the extent permitted by the Regulations) uncertificated form (subject as set out below) which is not fully paid or on which the Company has a lien provided in the case of a listed or quoted share, that this would not prevent dealings in the share from taking place on an open and proper basis on the London Stock Exchange. In addition, the Board may refuse to register a transfer of shares if:

- (i) it is in respect of more than one class of shares;
- (ii) it is in favour of more than four joint transferees;
- (iii) in relation to a share in certificated form, having been delivered for registration to the registered office or such other place as the Board may decide, it is not accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so; and
- (iv) the transfer is in favour of any Non-Qualified Holder (as defined in the Articles).

The Board may decline to register a transfer of an uncertificated share, which is traded through an Uncertificated System where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

If it shall come to the notice of the Board that any shares are owned directly, indirectly, or beneficially by a Non-Qualified Holder, the Board may give notice to such person requiring him either (i) to provide the Board within thirty (30) days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Board that such person is not a Non-Qualified Holder; or (ii) to sell or transfer his shares to a person who is not a Non-Qualified Holder within thirty (30) days and within such thirty (30) days to provide the Board with satisfactory evidence of such sale or transfer. Pending such sale or transfer, the Board may suspend the exercise of any voting or consent rights and rights to receive notice of, or attend, meetings of the Company and any rights to receive dividends or other distributions with respect to such shares, and the holder shall repay the Company any amounts distributed to such holder by the Company during the time such holder held such shares. If any person upon whom such a notice is served pursuant to this paragraph does not within thirty (30) days after such notice either (i) transfer his shares to a person who is not a Non-Qualified Holder or (ii) establish to the satisfaction of the Board (whose judgment shall be final and binding) that he is not a Non-Qualified Holder; (a) such person shall be deemed upon the expiration of such thirty (30) days to have forfeited his shares and the Board shall be empowered at their discretion to follow the procedure pursuant to the Articles or, (b) if the Board in its absolute discretion so determines, to the extent permitted under the Regulations the Board may arrange for the Company to sell the share at the best price reasonably obtainable to any other person so that the share will cease to be held by a Non-Qualified Holder, in which event the Company may, but only to the extent permitted under the Regulations, take any action whatsoever that the Board considers necessary in order to effect the transfer of such share by the holder of such share (including where necessary requiring the holder in question to execute powers of attorney or other authorisations,

or authorising an officer of the Company to deliver an instruction to the Authorised Operator or the operator of any other Uncertificated System), and the Company shall pay the net proceeds of sale to the former holder upon its receipt of the sale proceeds and the surrender by him of the relevant share certificate or, if no certificate has been issued, such evidence as the Board may reasonably require to satisfy themselves as to his former entitlement to the share and to such net proceeds of sale and the former holder shall have no further interest in the relevant shares or any claim against the Company in respect thereof. No trust will be created and no interest will be payable in respect of such net proceeds of sale.

(l) General meetings

Subject to the Companies Law, an annual general meeting shall be held at least once in each calendar year provided that not more than fifteen (15) months may elapse between one annual general meeting and the next, and in default of an annual general meeting any Shareholder may, not less than fourteen (14) days after the last date upon which the meeting ought to have been held, apply to the Court to make such order as the Royal Court of Guernsey ("Court") thinks fit. All general meetings (other than annual general meetings) shall be called extraordinary general meetings. Extraordinary general meetings and annual general meetings shall be held in Guernsey or such other place outside the United Kingdom as may be determined by the Board from time to time.

If the Board, in its absolute discretion, considers that it is impractical or undesirable for any reason to hold a general meeting on the date or at the time or place specified in the notice calling the general meeting, it may postpone or move the general meeting to another date, time and/or place. The Board shall take reasonable steps to ensure that details of the date, time and place of the rearranged meeting are made available to any Shareholders trying to attend the meeting at the original time and place. Notice of the business to be transacted at such rearranged meeting shall not be required. If a meeting is rearranged in this way, the appointment of a proxy will be valid if it is received as required by the Articles not less than forty-eight (48) hours before the time appointed for holding the rearranged meeting. The Board may also postpone or move the rearranged meeting under the Articles.

Unless special notice is required in accordance with the Companies Law, not less than ten (10) clear days' notice specifying the date, time and place of any general meeting and the text of any proposed special resolutions, extraordinary resolutions and Ordinary Resolutions and notice of the fact that the resolution proposed is proposed as a Special Resolution, extraordinary resolution or Ordinary Resolution and the general nature of the business to be dealt with at the meeting shall be given by notice sent by any lawful means by the Company secretary or other officer of the Company or any other person appointed in that capacity on behalf of the Board to such Shareholders as are entitled to receive notices provided that with the consent in writing of all the Shareholders entitled to receive notice of such meeting a meeting may be convened by shorter notice or at no notice and in any manner they think fit.

The Shareholders may require the Directors to call a general meeting in accordance with the Companies Law.

Any general meeting convened by the Shareholders in accordance with the Companies Law shall be convened in the same manner (as nearly as possible) as that in which general meetings are convened by the Board.

(m) Restrictions on voting

Unless the Board decides otherwise, no Shareholder shall be entitled in respect of any share held by him to be present in person or take part in any proceedings or vote either personally or by proxy or by duly authorised corporate representative at any general meeting or separate class meeting of the Company or to exercise any other right conferred by membership in relation to any such meeting in respect of any share held by him unless all calls and other sums presently payable by him in respect of that share have been paid. No Shareholder shall be entitled to vote in respect of any shares unless he has been registered as their holder.

No Shareholder shall, if the Board so determines, be entitled in respect of any share held by him to attend to be present in person or take part in any proceedings or vote (either personally or by duly authorised corporate representative or by proxy) at any general meeting or separate class meeting of the Company or to exercise any other right conferred by membership in relation to any such meeting in respect of any share held by him if he or any other person appearing to be interested in such shares has failed to comply with a notice requiring the disclosure of Shareholders' interests and given under the Articles within fourteen (14) days, in a case where the shares in question represent at least 0.25 per cent. of the number of shares in issue of the class of shares concerned, or within twenty-eight (28) days, in any other case, from the date of such notice. The restrictions will continue until the information required by the notice is supplied to the Company or until the shares in question are transferred or sold in circumstances specified for this purpose in the Articles.

(n) Appointment, retirement and disqualification of Directors

The number of the Directors shall be not less than two and there shall be no maximum number unless otherwise determined by the Company by Ordinary Resolution. At all times a majority of the Board shall be resident outside the United Kingdom for United Kingdom tax purposes. Each Director shall immediately inform the Board and the Company of any change, potential or intended, to his residential status for tax purposes.

A Director need not be a Shareholder. A Director who is not a Shareholder shall, nevertheless, be entitled to attend and speak at Shareholders' meetings.

Subject to the Articles, the Board shall have power at any time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Board but so that the total number of the Board shall not at any time exceed the number (if any) fixed pursuant to the Articles. Any person so appointed by the Board shall hold office only until the next annual general meeting and shall then be eligible for election. No person shall be or become incapable of being appointed a Director, and no Director shall be required to vacate that office, by reason only of the fact that he has attained the age of 70 years or any other age.

Subject to the Articles, at each annual general meeting of the Company (i) any Director who has been appointed by the Board since the last annual general meeting, (ii) any Director who held office at the time of the two preceding annual general meetings and who did not retire at either of them, (iii) any Director who has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting, and (iv) such further Directors (if any) shall retire by rotation as would bring the number retiring by rotation up to one-third of the number of Directors in office at the date of the notice of the meeting (or, if their number is not a multiple of three, the number nearest to but not greater than one third), shall retire or retire by rotation (as the case may be) from office and may offer himself for election or re-election by the Shareholders.

A Director who retires at an annual general meeting may, if willing to continue to act, be elected or re-elected at that meeting. If he is elected or re-elected he is treated as continuing in office throughout. If he is not elected or re-elected, he shall remain in office until the end of the meeting or (if earlier) when a resolution is passed to appoint someone in his place or when a resolution to elect or re-elect the Director is put to the meeting and lost.

The office of a Director shall be vacated: (i) if he (not being a person holding for a fixed term an executive office subject to termination if he ceases from any cause to be a Director) resigns his office by one month's written notice signed by him and sent to or deposited at the Company's registered office; (ii) if he dies; (iii) if the Company requests that he resigns his office by giving three months' written notice; (iv) if he shall have absented himself (such absence not being absence with leave or by arrangement with the Board on the affairs of the Company) from meetings of the Board for a consecutive period of six months and the Board resolves that his office shall be vacated; (v) if he becomes bankrupt or makes any arrangements or composition with his creditors being a Director by reason of, an order made under the provisions of any law or enactment;

(vi) if he is requested to resign by written notice signed by a majority of his co-Directors (being not less than two in number); (vii) if the Company by Ordinary Resolution shall declare that he shall cease to be a Director; (viii) if he becomes resident in the United Kingdom for UK tax purposes and, as a result thereof, half or more in number of the Directors would, if he were to remain a Director, be resident in the United Kingdom for tax purposes; or (ix) if he becomes ineligible to be a Director in accordance with Guernsey law, provided in all cases that until an entry of his office having been so vacated be made in the minutes of the Board his acts as a Director shall be as effectual as if his office were not vacated.

Any Director may, by notice in writing, appoint any other person (subject to the provisions in the next paragraph), who is willing to act as his alternate and may remove himself from that office.

Each alternate Director shall either (a) be resident for tax purposes in the same jurisdiction as his appointor or (b) not be resident for United Kingdom tax purposes in the United Kingdom, in each case for the duration of the appointment of that alternate Director and in either case shall also be eligible to be a Director of the Company under Guernsey law and shall sign a written consent to act. Every appointment or removal of an alternate Director shall be by notice in writing signed by the appointor and deposited at the Company's registered office or delivered at a meeting of the Board.

(o) Proceedings of the Board

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit.

All meetings of Directors shall be held in Guernsey or such other place outside the United Kingdom as may be determined by the Board and any decision reached or resolution passed by the Directors at any meeting held within the United Kingdom or at which a majority of the Directors present at the meeting are resident in the United Kingdom for United Kingdom tax purposes shall be invalid and of no effect.

The Board may elect one of its members as chairman of their meetings and determine the period for which he is to hold office. If no such chairman be elected or if at any meeting the chairman be not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.

Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the chairman at the meeting shall not have a second or casting vote.

The Board may delegate any of its powers to committees consisting of one or more Directors as they think fit, provided that such delegation shall not operate to the exclusion of the powers of the Board. Such committees shall meet only outside the United Kingdom and any decisions reached or resolution passed by the Directors at any Committee Meeting held within the United Kingdom shall be invalid and of no effect. Any committee so formed shall be subject to the supervision of the Board and shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Board.

The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed shall be two, provided that only a meeting of the Board at which a majority of the Directors present are not resident in the United Kingdom for United Kingdom tax purposes shall be declared quorate.

(p) Remuneration of Directors

The Directors (other than any alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time to time determine provided that the aggregate amount of such fees (including fees, if any, due to the Directors for attendance at meetings of any committee of the Board) for all the Board collectively shall not exceed €250,000 in any financial year, or such greater sum as may be determined from time to time by Ordinary Resolution of the Company. Any fees payable pursuant to these Articles shall be distinct from and shall not include any

salary, remuneration for any executive office or other amounts payable to a Director pursuant to any other provisions of these Articles and shall accrue from day to day.

The Directors shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors, including expenses incurred in attending meetings of the Board or any committee of the Board or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company, and all reasonable expenses properly incurred by them in seeking independent professional advice on any matter that concerns them in the furtherance of their duties as a Director. If by arrangement with the Board, any Director shall perform or render any special duties or services outside his ordinary duties as a Director, he may be paid such reasonable additional remuneration as the Board may determine.

The Board shall have power to pay and agree to pay gratuities, pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director or ex Director and for the purpose of providing any such gratuities, pensions or other benefits to contribute to any scheme or fund or to pay premiums.

(q) Interests of Directors

Subject to, and in accordance with, the Companies Law, a Director must, immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, disclose to the Board (i) if the monetary value of the Director's interest is quantifiable, the nature and monetary value of that interest, or (ii) if the monetary value of the Director's interest is not quantifiable, the nature and extent of that interest, in each case unless the transaction or proposed transaction is between the Director and the Company, and is to be entered into in the ordinary course of the Company's business and on usual terms and conditions.

A failure by a Director to comply does not affect the validity of a transaction entered into by the Company or the Director.

Subject to the provisions of the Companies Law, and provided that he has disclosed to the other Directors in accordance with the Companies Law the nature and extent of any material interest of his, a Director notwithstanding his office:

- (i) may be a party to, or otherwise interested in, any transaction or arrangement with the Company, or in which the Company is otherwise interested;
- (ii) may act by himself or through his firm in a professional capacity for the Company (otherwise than as Auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;
- (iii) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, a shareholder of or otherwise directly or indirectly interested in, any body corporate promoted by the Company, or with which the Company has entered into any transaction, arrangement or agreement or in which the Company is otherwise interested; and
- (iv) shall not by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

A Director may continue to be or become a director, managing director, manager or other officer, employee or member of any company promoted by the Company or in which the Company may be interested or with which the Company has entered into any transaction, arrangement or agreement, and no such Director shall be accountable for any remuneration or other benefits received by him as a director, managing director, manager, or other officer or member of any such other company. The Directors may exercise the voting power conferred by the shares in any other company held or owned by the Company or exercisable by them as directors of such other company, in such manner in all respects as they think fit (including the exercise thereof in favour of

any resolution appointing themselves or any of them directors, managing directors, managers or other officers of such company, or voting or providing for the payment of remuneration to the directors, managing directors, managers or other officers of such company).

Any Director who, by virtue of office held or employment with any other body corporate, may from time to time receive information that is confidential to that other body corporate (or in respect of which he owes duties of secrecy or confidentiality to that other body corporate) shall be under no duty to the Company by reason of his being a Director to pass such information to the Company or to use that information for the benefit of the Company, in either case where the same would amount to breach of confidence or other duty owed to that other body corporate.

(r) Winding-up

On a winding-up, the surplus assets remaining after payment of all creditors shall be divided amongst the classes of shares then in issue (if more than one) in accordance with the rights of such classes of shares as set out in the Articles.

If the Company shall be wound up a liquidator may with the authority of an extraordinary resolution divide among the Shareholders entitled to the same in specie the whole or any part of the assets of the Company and whether or not the assets shall consist of property of a single kind and may for such purposes set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as among the Shareholders or different classes of Shareholders. A liquidator may with the like authority vest any part of the assets in trustees upon such trusts for the benefit of Shareholders as a liquidator with the like authority shall think fit and the liquidation of the Company may be closed and the Company dissolved but so that no Shareholder shall be compelled to accept any shares or other assets in respect of which there is any outstanding liability.

Where the Company is proposed to be or is in the course of being wound up and the whole or part of its business or property is proposed to be transferred or sold to another company (the “**Transferee**”) a liquidator may, with the sanction of an Ordinary Resolution, conferring either a general authority on a liquidator or an authority in respect of any particular arrangement, receive in compensation or part compensation for the transfer or sale, shares, policies or other like interests in the transferee for distribution among the Shareholders or may enter into any other arrangement whereby the Shareholders may, in lieu of receiving cash, shares, policies or other like interests, or in addition thereto, participate in the profits of or receive any other benefits from the Transferee.

(s) Borrowing powers

The Directors may exercise all the powers of the Company to borrow money, to give guarantees, hypothecate, mortgage, charge or pledge all or part of the Company's assets, property (present or future) or undertaking and uncalled capital, or any part thereof, for any and all purposes, including, without limitation, for the purposes of financing share repurchases or redemptions, making investments or satisfying working capital requirements and, subject to compliance with the Memorandum and the Articles, the Directors may issue securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

(t) Indemnity of Directors and other officers

Subject to applicable law, the Company may indemnify any Director or a Director who has been appointed as a director of any Subsidiary Undertaking (a “**Subsidiary Director**”) against any liability except such (if any) as they shall incur by or through their own default, breach of trust, breach of duty or negligence and may purchase and maintain for any Director or any Subsidiary Director insurance against any liability.

7 Substantial Shareholders

- 7.1 The persons set out below will immediately prior to, and following, Admission, be interested in three per cent. or more of the Company's issued share capital:

Name	<i>Immediately prior to Admission</i>		<i>Immediately following Admission</i>	
	Ordinary Shares		Ordinary Shares	
	Number	% of issued Share Capital	Number	% of Issued Share Capital
Unifinter administratiekantoor B.V. ¹	174,977,644 ²	73.21%	174,977,644	59.52%
Summit Real-Estate GmbH & Co. Dortmund KG ³	57,750,000	24.16%	57,750,000	19.64%

1. Unifinter administratiekantoor B.V. is 100% owned by Summit.

2. 1,770,899 shares are held by Lynchwood Nominees on behalf of Unifinter administratiekantoor B.V.

3. Summit Real Estate GmbH & Co Dortmund K.G. is 100% owned by Summit.

7.2 Save as disclosed above, in so far as is known to the Directors, there is no other person who is or will be immediately following Admission, directly or indirectly, interested in 3 per cent. or more of the issued share capital of the Company, or any other person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Company.

7.3 None of the Company's major shareholders have or will have, immediately following Admission, different voting rights attached to the Ordinary Shares they hold in the Company.

8 Additional Information On The Directors

8.1 Other than directorships of Group companies, the Directors have held the following directorships within the five years prior to the date of this document:

Director	Current	Past
Zohar Levy	Summit Real Estate Holdings Ltd	-
	L.Z. ASHLAG Finance Limited	-
	AL. G.I.S. Limited	-
	E.G. Taas G.I.S. Ltd.	-
	HAYAL Investments and Properties Ltd.	-
	HAYAL Properties (1991) Ltd	-
	HAYAL Industrials Area & Buildings Management Ltd	-
	L.Y.c. Investments Ltd	-
	HAY-OR Investments & Properties Ltd.	-
	Delek Ga'aton Ltd.	-
	Delek Naharya Ltd.	-
	Summit SPC Ltd.	-
	Gerry Alexander Ltd.	-
	Summit Management Company S.A.	-
	Summit Germany Ltd.	-
	Bitan Gardening & Development Ltd.	-
	L.I.H. Investments Ltd.	-
	Cementcal Property Management Ltd.	-
	Summit Zaha"v Ltd.	-
Sharon Marckado Erez	-	-
Quentin Spicer	Alderney Housing Association Limited	Mercator Group Holdings Limited

Director	Current	Past
	Guernsey Housing Association LBG F&C UK Real Estate Investments Limited (formerly ISIS Property Trust 2 Limited; formerly IRP Property Investments Limited) Quintain (Guernsey) Limited	Atlas Estates Limited Property Acquisition and Management Limited
	RAB Special Situations Company Limited PS Holdings Independent Voting Company Limited PINE Trustee (Jersey) Limited Phoenix Spree Deutschland Limited Squarestone Brasil Limited Laurium General Partners Limited Project Scott (Jersey) Limited	South African Property Holdings PLC European Value and Income Fund Limited AUB General Partner (Guernsey) Limited Summit Germany Limited Develica Asia Pacific Limited Protego Industrial Limited Dova Limited Farley Property Company Limited
	Grosvenor Square Limited	Farley Investment Enterprises Limited Redford GP Guernsey Limited Safeland Management (Jersey) Limited Laurium Resources Limited Bizspace Management (Jersey) Limited O Twelve Estates Limited Develica Deutschland Limited FTSE UK Commercial Property Index Fund Limited IGA LP GP Limited Secured Real Estate Finance Limited MGI (Guernsey) Limited MGI Golf & Leisure Opportunities Limited

Director	Current	Past
Tim Parkes	AUB (Baker Street) Development Limited C.L. Directors Limited C.L. Nominees Limited C.L. Secretaries Limited Carey Administration Limited Carey Commercial Holdings Limited Carey Commercial Limited Carey Group Private Client Holdings Limited Carey Group Services UK Limited Carey Pension Trustees UK Limited Carey Pensions Administration Limited Carey Pensions and Benefits Limited Carey Pensions UK LLP Connaught Place PCC Limited EH Directors Limited Guernsey Yacht Club LBG Landericus Fund Management (Guernsey) Limited Manor Park (Guernsey) Limited Manor Park Guaranteed Investment Funds Limited Moore Capital (Guernsey) Unlimited Mubadala Infrastructure Partners Limited New Look Retailers (CI) Limited Overseas Trust and Pension Limited Portinfer General Partner Limited Quantum Pacific GPCo Limited RB Directors Limited Rozier (GP1A) Limited Rozier (GP2) Limited Rozier Finco 2 Limited Rozier Finco Limited Scholer Nominees Limited Spire Healthcare (GP1) Limited Structured Products Management Limited	Chapel Bay Limited Carey Commercial (Isle of Man) Limited Cavendish No. 1 Limited Hardwick (GP) Limited Hardwick Investment Company Limited Landericus Limited Propinvest 5 Limited Wilfred T. Fry (C.I.) Limited
Harry Hyman	AHG (2006) Limited Anchor Meadow Limited Cygnetcare Care Limited Educationinvestor Limited Gracemount Medical Centre Limited Health Investments Limited Healthinvestor Limited I Value Plc Investor Publishing Limited Landor Productions Limited Motorstep Limited	Aberdeen High Income Trust Plc Freshtl Plc Barrett's Oesophagus Campaign Cashew Holdings Limited Oak Tree Nursery Investments Limited UK Israel Business General Medical Clinics PLC (now General Medical Clinics Limited) Griffin House (2011) Ltd Skinklinic Limited

Director	Current	Past
	Nexus Capital Finance Limited	
	Nexus Central Management Services Ltd	
	Nexus Code Limited	
	Nexus Consulting (UK) Limited	
	Nexus Fund Management Limited	
	Nexus General Partner Limited	
	Nexus Group Holdings Limited	
	Nexus Health Finance Limited	
	Nexus Investment Ventures Limited	
	Nexus Investco Limited	
	Nexus Management Services Limited	
	Nexus PHP Management Limited	
	Nexus PINE (Management) Limited	
	Nexus Property Management Services Limited	
	Nexus Structured Finance Limited	
	Nexus Tradeco Limited	
	NHR Acquisitions Limited	
	Patientfirst (Burnley) Limited	
	Patientfirst (Hinckley) Limited	
	Patientfirst (RBS) Holdings Limited	
	Patientfirst (Wingate) Limited	
	Patientfirst Partnerships Limited	
	PHIP (5) Limited	
	PHIP (6) Limited	
	PHIP (Hetherington Road) Limited	
	PHIP (Hoddesdon) Limited	
	PHIP (Milton Keynes) Limited	
	PHIP (RHL) Limited	
	PHIP (Sheerness) Limited	
	PHIP (SSG Norwich) Limited	
	PHIP CH Limited	
	PHIP CHH Limited	
	PHP (Basingstoke) Limited	
	PHP (Catford) Limited	
	PHP (Chandler's Ford) Limited	
	PHP (Darvell) Limited	
	PHP (Dover) Limited	
	PHP (FRMC) Limited	
	PHP (Holbeck) Limited	
	PHP (Hounslow) Limited	
	PHP (Melksham) Limited	
	PHP (Paisley) Limited	
	PHP (Petri) Limited	
	PHP (Portsmouth) Limited	
	PHP (Speke) Limited	
	PHP (Swaffham Barn) Limited	
	PHP 2013 Holdings Limited	
	PHP Assetco (2011) Limited	
	PHP Bond Finance Plc	
	PHP Empire Holdings Limited	
	PHP Glen Spean Limited	
	PHP Healthcare (Holdings) Limited	
	PHP Healthcare Investments (Holdings) Limited	

Director	Current	Past
	PHP Healthcare Investments Limited PHP Investments (2011) Limited PHP Investments No.1 Limited PHP Investments No.2 Limited PHP Medical Properties Limited PHP Primary Properties Limited PHP Primary Properties (Haymarket) Limited PHP St. Johns Limited Pine Property Services Ltd Primary Health Investment Properties (No.2) Limited Primary Health Investment Properties (No.3) Limited Primary Health Investment Properties (No.4) Limited Primary Health Investment Properties Limited Primary Health Properties Plc SPCD (Northwich) Limited SPCD (Shavington) Limited The Healthcare Reit Limited The Opera Awards Foundation The Opera Awards Limited The Quoted Companies Alliance	

- 8.2 The following Directors are or have been within the period of five years prior to the date of this document, partners in the following partnerships:

Director	Current Partnership	Past Partnership
Zohar Levy	-	-
Sharon Marckado Erez	-	-
Quentin Spicer	-	Spicer and Partners Guernsey LLP Wedlake Bell
Harry Hyman	-	-
Tim Parkes	-	-

8.3 Directors' Disclosures

The following disclosures are made in relation to the Directors:

- Harry Hyman was a non-executive director of Aberdeen High Income Trust PLC (1994 to 2003) and Aberdeen Preferred Income Trust PLC (1991 to 2003), who appointed a receiver on 26 July 2002 and 25 September 2002 respectively. No further communication was received by Harry subsequent to the receivers' appointments.
- Harry Hyman was a non-executive director of Saturn Management Limited (representing Baltic PLC). He resigned in June 1993 when the company was sold. A liquidator was appointed in 1994. No subsequent communication was received by Harry from the liquidator.
- Harry Hyman was a non-executive director of Alfresco Leisure Publications PLC and he resigned in 1991. A receiver was appointed in 1992. No subsequent communication was received by Harry from the liquidator.
- Harry Hyman was a Finance Director of Baltic PLC when it purchased Marlowe Sachs Limited, Marlowe Sachs Mortgage Services Limited and Marlowe Sachs Financial Services Limited in September 1985. Harry had been a non-executive director of these companies

until their sale in 1987. These companies subsequently went into insolvent liquidation in 1988. No subsequent communication was received by Harry from the liquidator.

- (e) In 1992, Harry Hyman was a non-executive director and chair of the audit committee of Groupe Chez Gerard plc. The Financial Reporting Review Panel investigated the accounts for the company for the period ended 1 July 2001 as a result of a complaint made which concerned Harry. The matter was reported to the investigation committee to determine whether or not to make a formal investigation but ultimately it was decided that no further action would be taken and the matter was discontinued.
- (f) Harry Hyman was a non-executive director of Alfresco Leisure Publications PLC in 1990 and 1991 when all the directors were each fined £50 in connection with the company's failure to file an annual return. Harry resigned as a director of that company in 1991. A receiver was appointed to this company in 1992.

8.4 Save as disclosed in paragraph 8.3 above, none of the Directors has:

- (a) any unspent convictions in relation to indictable offences;
- (b) had any bankruptcy order made against him or entered into any voluntary arrangements;
- (c) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he had ceased to be a director of that company;
- (d) been a partner in any partnership with has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement, whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- (e) been the owner of any asset which has been placed in receivership or a partner in any partnership where any asset of the partnership has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- (f) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
- (g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

8.5 Save as disclosed in this document, no Director has or has had any interest in any transaction which is or was significant in relation to the business of the Group and which was effected during the current or immediately preceding financial period or which was effected during an earlier financial period and remains outstanding or unperformed.

9 Directors' Service Contracts, Letters of Appointment and Remuneration

9.1 The Directors and their functions are set out in Part V of this document.

9.2 Zohar Levy and Sharon Marckado Erez provide their services as the Managing Director and the Finance Director to the Group under the terms set out in the Portfolio Management Agreement, a summary of which is set out in paragraph 14.1 of Part X of this document. Each of the Non-Executive Directors entered into a letter of appointment with the Company.

9.3 Non-Executive Directors: Letters of Appointment

Harry Abraham Hyman

Harry Hyman has been appointed as the chairman and a Non-Executive Director of the Company. The initial term of the appointment is for three years, unless terminated at an earlier date by either the Company or Mr Hyman giving 90 days' prior written notice. Mr Hyman is paid directors' fees of €50,000 per annum (subject to deductions for income tax and social security contributions as may be required by law). Mr Hyman benefits from Directors' and Officers' liability insurance and has the benefit of an indemnity from the Company in relation to liabilities incurred as a result of the performance of his duties, subject to limitations imposed by

the Companies Law and any exclusions determined by the Board of Directors of the Company from time to time. Mr Hyman's letter of appointment is governed by the laws of Guernsey.

Timothy Gordon Parkes

Tim Parkes has been appointed as a Non-Executive Director of the Company. The initial term of appointment is for three years, unless terminated at an earlier date by either the Company or Mr Parkes giving 90 days' prior written notice. Mr Parkes is paid directors' fees of £25,000 per annum (subject to deductions for income tax and social security contributions as may be required by law). Mr Parkes benefits from Directors' and Officers' liability insurance and has the benefit of an indemnity from the Company in relation to liabilities incurred as a result of the performance of his duties, subject to limitations imposed by the Companies Law and any exclusions determined by the Board of Directors of the Company from time to time. Mr Parkes's letter of appointment is governed by the laws of Guernsey.

Quentin Spicer

Quentin Spicer has been appointed as a Non-Executive Director of the Company. The initial term of the appointment is for three years, unless terminated at an earlier date by either the Company or Mr Spicer giving 90 days' prior written notice. Mr Spicer is paid directors' fees of £25,000 per annum (subject to deductions for income tax and social security contributions as may be required by law). Mr Spicer benefits from Directors' and Officers' liability insurance and has the benefit of an indemnity from the Company in relation to liabilities incurred as a result of the performance of his duties, subject to limitations imposed by Companies Law and any exclusions determined by the Board of Directors of the Company from time to time. Mr Spicer's letter of appointment is governed by the laws of Guernsey.

- 9.4 Save as set out in paragraph 9 above, there are no existing or proposed service agreements or letters of appointment between the Directors and any member of the Group.

10 Summary of the key features of the Company's Long Term Incentive Plan

10.1 Introduction

The Company's Long-Term Incentive Plan (the "**LTIP**") will be used to provide equity incentives over Ordinary Shares to selected employees (including directors employed by the Group).

The LTIP will be administered and operated by the Board. However, the grant of an award to a director, its material terms and the exercise of any discretion pursuant to a director's award will be determined by the Remuneration Committee of the Board (the "Committee"). The Committee will also approve the aggregate level of awards granted each year under the LTIP and the applicable vesting and performance conditions.

The Committee will oversee the LTIP having regard to market practice within the Company's business sector and the need to incentivise and retain the best people whilst aligning their interests with those of the Company's shareholders.

The LTIP provides for following types of award:

- (a) options to acquire Ordinary Shares at an exercise price determined by the Board in its absolute discretion (and which may be less than market value at the time of grant) ("**Options**"); and
 - (b) conditional share awards, being awards delivering free Ordinary Shares subject to continued employment and, in certain cases, performance conditions ("**Conditional Share Awards**"),
- (together, "**Awards**").

The following is a summary of the key features of the LTIP.

10.2 Eligibility

Employees (including directors employed by the Group) will be eligible, but not entitled, to participate in the LTIP. Participation will be at the discretion of the Board or, in the case of directors, the Committee.

10.3 Grant of Awards

Eligible employees may be granted Awards:

- (a) on or shortly following Admission;
- (b) during the period of 42 days following the announcement by the Company of its interim or final results for any period; and/or
- (c) at any other time when the Board determines that exceptional circumstances have arisen which justify the grant of an Award,

provided that no Awards may be granted at any time when dealings in shares are prohibited under the Company's dealing code or after the tenth anniversary of Admission.

No payment is required for the grant of an Award.

10.4 Settlement and dilution limits

Awards may be satisfied by the allotment of new Ordinary Shares, the issue of Ordinary Shares from treasury or the transfer of existing Ordinary Shares.

At any time, the total number of Ordinary Shares which have been issued or remain issuable pursuant to Awards granted under the LTIP and awards granted (in the preceding ten years) under any other employees' share scheme established by the Company may not exceed ten per cent. (10%) of the Ordinary Shares in issue at that time.

For the purposes of the above limit:

- (a) Ordinary Shares which are the subject of any awards granted under any other employees' share scheme operated by the Company prior to Admission shall be excluded;
- (b) Ordinary Shares which are the subject of lapsed Awards shall be excluded; and
- (c) treasury shares will be treated as issued (unless guidance published by relevant institutional investor bodies recommends otherwise).

10.5 Individual limit

The aggregate market value of Ordinary Shares subject to Awards granted to an individual during any financial year of the Company shall not exceed one hundred and fifty per cent. (150%) of such individual's base salary (measured at the time of grant).

However, in exceptional circumstances (such as a senior executive's recruitment), this limit may be exceeded provided that grant levels will remain within a maximum approved by the Committee.

For the purposes of the individual limit, the market value of Ordinary Shares subject to Awards will be determined at the time of grant, taking the middle market quotation of an Ordinary Share on the dealing day immediately preceding the date of grant or, if the Board so determines, the average of the middle market quotations over a period of up to 10 (ten) consecutive dealing days immediately preceding such date.

10.6 Exercise or vesting of Awards

Awards shall be capable of vesting at the end of a service period determined by the Board in its absolute discretion prior to grant, subject to the participant having remained in service with the Group until the relevant date and, if applicable, the achievement of specified performance conditions (see below for further information).

On vesting:

- (a) an Option shall become exercisable for a period ending on the tenth anniversary of grant (at which time they shall lapse to the extent unexercised); and
- (b) a participant shall become absolutely beneficially entitled to the Ordinary Shares subject to a Conditional Share Award.

The intention is that all Awards granted within the 18 month period following Admission will have a vesting period of three years and that any shares acquired must be retained until the second anniversary of the vesting date (or, in either case, such longer period as the

Committee may determine prior to grant), provided that participants will be permitted to sell sufficient shares to fund any tax and social security liabilities arising on vesting or exercise and, in the case of options, any exercise price.

For awards and options granted more than 18 months following Admission, the Committee will review whether these vesting and holding periods remain appropriate, having regard to market practice within the Company's business sector.

10.7 Performance conditions

The Board may determine that vesting of an Award shall be conditional on the achievement of a performance condition determined by the Board prior to grant. Any such performance condition, together with the applicable calibration methodology, will be approved by the Committee.

To the extent that applicable performance conditions have not been achieved over the relevant performance period, Awards shall lapse.

Where events occur which cause the Committee to consider that any established performance condition has become unfair in either direction or impractical, the Committee may amend or replace such condition as it deems appropriate provided such revised or new condition is, in the Committee's opinion, no more and no less difficult to satisfy.

10.8 Dividends

If the Company pays a cash dividend to its shareholders between the grant of an Award and the date on which Ordinary Shares are received following exercise or vesting (as the case may be) of the Award, the Committee may, in its absolute discretion, determine that either:

- (a) the number of Ordinary Shares subject to the Award shall be increased to reflect the value of the dividend which would have been paid on the Ordinary Shares subject to the Award had such Ordinary Shares been held by the participant at that time; or
- (b) at the time of exercise or vesting, the participant shall either:
 - (i) be paid a cash amount (the "**Dividend Cash Amount**") equal to the number of Ordinary Shares in respect of which the Award is exercised or vests multiplied by the aggregate net value of the dividends which could have been received; or
 - (ii) receive an additional number of Ordinary Shares equal to the Dividend Cash Amount divided by the market value of an Ordinary Share on the date of exercise or vesting (calculated on the same basis as described in the paragraph 10.5 "Individual limit" above).

10.9 Cessation of employment

If a participant ceases to be employed by the group by reason of his death, injury, ill-health, disability, redundancy or retirement or as a result of the sale out of the Group of the business or subsidiary by which the participant is employed or for any other reason which the Board in its absolute discretion permits, Awards shall become exercisable or vest (as the case may be) either in the normal course in accordance with the terms of the LTIP or, at the absolute discretion of the Board, as soon as reasonably practicable following such cessation and in ease case based on the extent to which any applicable performance conditions have been met or are determined to be likely to be met at the end of the performance period, unless the Board, in its absolute discretion, determines otherwise.

In addition, the number of Ordinary Shares subject to relevant Awards shall be pro-rated down to reflect the reduced service period, unless the Board, in its absolute discretion, determines otherwise.

If a participant ceases employment for any other reason prior to his Award vesting or becoming exercisable, his Award will lapse in full immediately on cessation of employment.

10.10 Change of control, reconstruction or winding-up

In the event of a takeover or change of control of the Company (including an internal re-organisation), the Committee may, in its absolute discretion, determine that:

- (a) Awards shall become exercisable or immediately vest (as the case may be) to the extent determined by the Committee in its absolute discretion; or

- (b) Awards shall automatically be exchanged for equivalent awards over shares in the acquiring company.

In the event of a winding up of the Company, all Awards shall become exercisable or immediately vest in full.

10.11 Variation of share capital

In the event of any variation in the Ordinary Share capital of the Company or any capitalisation of profits or reserves by way of any consolidation, sub-division, cancellation, conversion, redenomination or reduction of the Ordinary Share capital of the Company and in respect of any discount element in any rights issue or any other variation in the Ordinary Share Capital of the Company or in the event that a special dividend is paid, the number of Ordinary Shares subject to an Award and the exercise price (if applicable) may be varied in such manner as the Board considers to be appropriate.

10.12 Voting, dividend and other rights

A participant will have no voting or dividend rights in respect of an Ordinary Share subject to an Award until the participant's name is entered onto the register of members in respect of such Ordinary Share following exercise or vesting (as the case may be).

All Awards are non-transferable and non-pensionable.

10.13 Amendments

The LTIP may be amended in any respect by the Committee provided that (except as specified below) the prior approval of the Company in general meeting is required for amendments made to the material benefit of participants to any provisions relating to:

- (a) the persons to whom Awards may be granted;
- (b) the overall and individual limits on the number of Ordinary Shares in respect of which Awards may be granted;
- (c) the basis for determining participants' entitlements to, and material the terms of, Awards;
- (d) the adjustment of Awards in the event of a variation of share capital; and
- (e) the rules relating to amendments to the LTIP.

No amendment may be made to the rules of the LTIP if it would adversely affect the rights of participants without the approval of participants holding Awards over a seventy five per cent. (75%) of the Ordinary Shares subject to the Awards so affected.

However, minor amendments to the benefit of the administration of the LTIP, or other amendments to take account of changes in legislation, to obtain or maintain favourable tax, exchange control, or regulatory treatment or to take account of a corporate transaction, may be made without the need for either of the approvals set out above where such amendments do not alter the basic principles of the LTIP.

In addition, the Committee may (without shareholder or participant approval) adopt sub-plans or schedules to the LTIP which are suitable for operation in any relevant country to take account of tax laws or other legal or regulatory requirements in the relevant country if considered necessary and expedient, provided that the terms of awards granted under such sub-plans or schedules shall not be materially more favourable overall than the terms of Awards granted under the LTIP as set out in this summary.

10.14 Termination

The LTIP shall terminate on the tenth anniversary of Admission (or earlier by resolution of the Committee).

10.15 Non-employee directors and consultants

The Board has adopted a plan on similar terms to the LTIP for the purposes of granting options and awards over Ordinary Shares to directors of the Group who are not also employed by the Group, and consultants providing services to the Group.

11 Working Capital

The Directors are of the opinion, having made due and careful enquiry and having regard to the existing facilities of the Group, that the working capital available to the Company (and its Group) will, from the time of Admission, be sufficient for their present requirements, that is, for at least 12 months from the date of Admission.

12 Litigation

12.1 Patrizia GewerbeInvest Kapitalanlagegesellschaft mbh ("**PG**") filed proceedings for the preservation of evidence against DRE on 30 December 2010. The claim is not in itself a payment claim against DRE, but for the purpose of finding evidence with the view to making a claim. PG alleged that DRE sold a defective hotel building to them in 2004 and is liable for the defects based on a misrepresentation under a Sale and Purchase Agreement. The estimated repair works is €4 million. In assessing the claim, the courts instructed experts to give opinions on the alleged defects in 2012. The first expert found minor defects estimated at €250 per window for glazing (but stated that substantial removal works would be required to assess the complete scope of defects). The second expert estimated that a proportion of 75% of the defects might be allocable to DRE after finding defects to electrical installations of approximately €39,275. In 2013, the court appointed a further two experts. The first expert delivered an opinion on 17 July 2013, following which the court has had to issue an order on the expert to answer an outstanding question posed by PG on such opinion. The second expert has not issued a report as PG failed to pay the advance fee for the expert's services. K&L Gates LLP, the lawyers who reported on this claim, believe there is only a minor risk in this case. K&L Gates LLP have reviewed the Sale and Purchase Agreement and have surmised that PG's claim seems to be unsubstantiated (with regard to misrepresentation) or time-barred (with regard to regular liability for defects). However, risk cannot be eliminated on the basis that PG may hold sufficient evidence already, the outstanding expert's opinion may provide further evidence of defects, and the expected time-barring may be discounted.

12.2 Save as disclosed in paragraph 12.1, no member of the Group is, nor has been at any time in the 12 months immediately preceding the date of this document involved in any governmental, legal or arbitration proceedings and none are or have been pending or threatened by or against any Group company of which any Group company is aware, which may have or have had in the recent past significant effects on the Group's financial position or profitability.

13 No Significant Change

13.1 Save as disclosed in this document, there has been no significant change in the financial or trading position of the Group since 30 June 2013, the date on which the Group's last unaudited interim financial information (as set out in Section C of Part VII of this document) was published.

13.2 There has been no material change in the value of the properties within the Current Portfolio since the date to which the Valuation Report set out in Part IX of this document has been prepared.

14 Material Contracts of the Company

The contracts (not being contracts entered into in the ordinary course of business) as set out in paragraphs 14, 15 and 16 of Part X of this document have been entered into by members of the Group (i) within the two years immediately preceding the date of this document which are or may be material to the Group or (ii) at any time and contain obligations or entitlements which are, or may be, material to the Group, as at the date of this document:

14.1 Portfolio Management Agreement

A Portfolio Management Agreement dated 19 May 2006 as amended on 21 February 2007 and further amended by, among others, the Company, Summit Luxco, SFL, Summit LoanCo, Summit Two, Summit Gold, Neston and SMC as asset manager on 14 February 2014, pursuant to which SMC will provide Advisory Services, PLC Services, SPV Services and the services of a Managing Director and Finance Director of a Guernsey company listed on the London AIM Market to the Group from Admission (the "**MD and FD Services**"). The Advisory Services include identifying suitable commercial properties in Germany which are

consistent with the objectives determined by the relevant Group company from time to time, together with related services and supporting documentation and coordination of advisors. The SPV Services include certain pre- and post-acquisition services in respect of properties. The PLC Services include reporting on the activities, investments and performance of the Group's investments, evaluating proposed acquisitions of Properties, providing the Board with an annual business plan and budget and instructing appropriate professional valuers to prepare valuations of the Group's properties semi-annually. The MD and FD Services include identifying suitable commercial properties in Germany, preparing evaluations of each acquisition or disposal, instructing appropriate valuers, lawyers, surveyors, accountants, tax advisors and other consultants, assisting the Company and LuxCo prepare business plans, identifying providers of debt funding and providing such financial information as required by the Company.

The first Managing Director and Finance Director (each an “**Executive**”) shall be Zohar Levy and Sharon Marckado Erez, respectively. The terms on which the Executives are appointed by SMC are substantially as follows:

Zohar Levy is employed by SMC and his services are supplied to the Company to act as Managing Director of the Company. Save as mentioned in this paragraph 14.1, no benefits are provided to Zohar Levy and he has no entitlement to receive any bonus. The period of notice required to be given by either Zohar Levy or SMC to terminate the employment is 6 months.

Zohar Levy is restricted for a period of 6 months following termination of employment by SMC from (i) being engaged in any business which competes with the Company, (ii) having dealings in respect of properties that the Company was actively considering acquiring or negotiating to acquire during the final 6 months of employment, save as permitted under the Portfolio Management Agreement (iii) employing any employee of the Company who reported directly to Zohar Levy or who could materially damage the interests of the Company if employed by a competing business or soliciting any such employee to leave the Company; or (iv) interfering with business dealings between the Company and its suppliers.

Pursuant to the Portfolio Management Agreement, SMC agrees to procure that Zohar Levy will comply with all material terms of his service agreement with SMC and will not initiate termination of, or materially amend, such service agreement without the prior written consent of the Company.

Sharon Marckado Erez is employed by SMC and her services are supplied to the Company to act as Finance Director of the Company. Save as mentioned to receive in this paragraph 14.1, no benefits are provided to Sharon Marckado Erez and she has no entitlement any bonus. The period of notice required to be given by either Sharon Marckado Erez or SMC to terminate the employment is 6 months.

Sharon Marckado Erez is restricted for a period of 6 months following termination of employment by SMC from (i) being engaged in any business which competes with the Company, (ii) having dealings in respect of properties that the Company was actively considering acquiring or negotiating to acquire during the final 6 months of employment, save as permitted under the Portfolio Management Agreement (iii) employing any employee of the Company who reported directly to Sharon Marckado Erez or who could materially damage the interests of the Company if employed by a competing business or soliciting any such employee to leave the Company; or (iv) interfering with business dealings between the Company and its suppliers.

Pursuant to the Portfolio Management Agreement, SMC agrees to procure that Sharon Marckado Erez will comply with all material terms of her service agreement with SMC and will not initiate termination of, or materially amend, such service agreement without the prior written consent of the Company.

SMC will be paid a basic management fee of €750,000 amounting to €62,500 per month (“**Base Fee**”), payable quarterly and, of which, approximately €160,000 is allocable to the Finance Director, €170,000 to management costs and taxes and €420,000 to the Managing Director. If an Executive ceases to be employed by SMC and a replacement is not agreed by the Company, then the basic management fee shall be reduced by an amount equal to the remuneration paid by the Company to any individual it engages to provide the services previously provided by the Executive, save that the basic management fee shall not be less than €170,000 and the

cost of the replacement individual shall not exceed 120% of the attributable cost of the relevant Executive replaced. In addition, an annual bonus may be payable in each accounting year of up to £750,000 ("**Maximum Bonus**") based on hurdles to be determined by the remuneration and nomination committee of the Company, save that in respect of the accounting year ending 31 December 2014 the bonus shall be payable if the Company's Funds From Operations ("**FFO**") is equal to or greater than 112% of the FFO for the year ending 31 December 2013 ("**Base FFO**"). Where the Company's FFO in the accounting year ending 31 December 2014 is above the Base FFO but less than 112% of the Base FFO, SMC shall be entitled to an amount equal to the pro-rata proportion of the Maximum Bonus. Any Bonus which SMC is entitled to receive in any relevant accounting year shall be reduced by an amount equal to any carried interest amount paid to SMC pursuant to the articles of association of SFL in respect of the same accounting year, provided that any Bonus shall not be reduced to less than zero.

SMC is entitled in certain circumstances to the carried interest set out in the articles of association of SFL, which is summarised in paragraph 14.3 of this Part X, and the Company shall procure that SFL meets its obligations under its articles of association.

In the event that SMC or any member of its group (together, a "**Relevant Party**") has the opportunity to acquire any commercial property in Germany, SMC shall offer such property to the Board for acquisition by the Group. If the Board decides not to acquire such property then, provided that the Board had been notified of the Relevant Party's interest in the property at the time of making the recommendation, the Relevant Party may acquire the property on terms not materially more favourable than those offered to the Group. Other than in respect of properties rejected by the Board, no member of SMC's group may act as investment or property manager to any third party whose principal activities consist of investing in (and only in) commercial property located in Germany which competes with the Company other than to any member of the Group Germany.

The agreement is for an initial term ending on the third anniversary after Admission (unless terminated earlier in accordance with its terms) and will continue thereafter unless terminated by not less than 6 months' notice. SMC may terminate the agreement with immediate effect if any member of the Group commits a material unremedied breach of the agreement or is the subject of an insolvency event or change of control or if the Group sells all or substantially all its properties. If SMC terminates the agreement in such circumstances, it may require any entity nominated by the Company to buy its B shares in SFL in accordance with the provisions of the articles of association of SFL summarised in paragraph 14.3 of this Part X and the Company will agree to do so. However, SMC has agreed to waive this right under the terms of the agreement where such termination is the result of either a change of control or the Company terminating the agreement on notice.

The Company may terminate the agreement with effect from the date falling 6 months following Admission on notice prior to such date, or else on 6 months' notice expiring at the end of the third anniversary after Admission or thereafter. The Company may also terminate the agreement with immediate effect upon SMC committing a material unremedied breach of the agreement or being the subject of an insolvency event. The Company's right to use the Summit name will cease on termination of the agreement.

The Company has agreed to indemnify SMC against all liability, losses, costs, or expenses it may suffer or incur in connection with the provision of the services except to the extent that the same arise from SMC's gross negligence, wilful default or material breach of the Agreement. SMC has also limited its liability to the Company to the higher of €1,000,000 or, if higher, its professional indemnity insurance cover. The Company will maintain for SMC (at the Company's cost) insurance to cover SMC's obligations under the agreement.

SMC may assign the benefit of the Portfolio Management Agreement to another company controlled by Zohar Levy.

14.2 Summaries of the Group's financing arrangements

(a) RBS Facilities

The Old RBS Facilities were entered into by certain subsidiaries of the Company as borrowers (consisting mainly of the SPVs holding the funded properties) (the "**Obligors**") and guarantors (other companies in the Group that hold properties in portfolios that cross-collateralize each other) and certain banks and financial institutions set out

therein as lenders, originally ABN AMRO and later replaced by RBS. The Old RBS Facilities were amended several times since they were originally entered into and were last amended on 22 February 2013 in connection with a refinancing of the Old RBS Facilities, such amendments setting out, inter alia, the amended terms of the loans, and the terms under which the loans are split into a senior tranche amounting, as of the date of the refinancing, to approximately €281.2 million in aggregate (approximately €63.5 million for the Z3 Portfolio, €57 million for the Z6 Portfolio and €160.7 million for the Clara Portfolio (collectively the “**RBS Facilities**”) and a junior tranche amounting to €120.2 million in aggregate (approximately €31.5 million for the Z3 Portfolio, €33 million for the Z6 Portfolio and €55.7 million for the Clara Portfolio) (collectively the “**B Note**”).

The facility agreements relating to the RBS Facilities and the B Note (the “**Facility Agreements**”) are governed by German law. Under the terms of the Facility Agreements:

RBS is the lender of the RBS Facilities, and Gallia Invest is the lender of the B Note.

The obligations of the Obligors under each Facility Agreement are joint and several and the Secured Liabilities (as defined below) are guaranteed by each guarantor. The Z3 Portfolio and the Z6 Portfolio facilities are cross-collateralized so that the lender has recourse under the Z3 Portfolio Facility Agreement to the collateral provided under the Z6 Portfolio Facility Agreement and vice versa.

The RBS Facilities have been made available at a margin (above EURIBOR) of 2 per cent. per annum for first 2 years, 2.5% pa for the third year, and 3% pa for the 2 last years.

The B Note has been made available at a margin (above EURIBOR) of 5% pa.

Interest is payable on each 15 January, 15 April, 15 July and 15 October (each an “**Interest Payment Date**”) and on the Maturity Date (as defined below).

The RBS Facilities shall be repaid in installments on each Interest Payment Date, as follows: (i) 0.25 % of the outstanding principal on each Interest Payment Date falling in April 2013 (including) until and (including) January 2015; (ii) 0.375 % of the outstanding principal on each Interest Payment Date falling in April 2015 (including) until and (including) January 2016; and (iii) 0.5 % of the outstanding principal on each Interest Payment Date falling in April 2016 (including) until and (including) October 2017.

The B Note will be amortised on each Interest Payment Date, after payments to RBS (principal, interest, fees), after any periodical payments due but unpaid under the hedging arrangements (including any payments as a result of termination or closing out), and after operation and management fees relating to the properties.

All amounts outstanding under the Facility Agreements (including principal, accrued interest, fees and costs) shall be repaid on 31 December 2017 (the “**Maturity Date**”);

Gallia Invest, the holder of the B Note, is subject to certain limitations, including, inter alia: it may not initiate insolvency proceedings in respect of any Obligor; it may not assign or transfer any rights or claims owing to it unless (i) all such rights and claims (and not only a part) are assigned, (ii) the assignee is an affiliate of Gallia Invest and (iii) RBS's share in the then outstanding RBS Facilities is 66.66% or more of the then outstanding amount of the RBS Facilities and RBS has granted its prior written consent; the B Note may be assigned by way of security to the Debenture Security Trustee, as has been assigned.

The Obligors have granted security over the Z3 Portfolio, the Z6 Portfolio and the Clara Portfolio, receivables under various contracts, claims under insurance policies, claims under lease agreement/rental payments and security over credit balances on bank accounts of each Obligor, together with the shares in each obligor, to secure all funds drawn and outstanding and all other liabilities owed to RBS together with those liabilities covered by the cross collateralisation arrangements described above (the “**Secured Liabilities**”).

Each Facility Agreement contains certain standard mandatory prepayment provisions, including that the loans shall be mandatorily prepaid on a change of control (subject to certain conditions).

Each Facility Agreement contains various representations, warranties and covenants from the borrowers and the other obligors to RBS, as well as customary indemnities.

In accordance with their commitment towards RBS, the Obligors have entered into hedging arrangements which hedge the interest rate risk of the outstanding amount of the RBS Facilities. The hedge rates as of July 2014 are 0.99% in respect of the Z3 Portfolio, 1.16% in respect of the Z6 Portfolio and 1.21% in respect of the Clara Portfolio;

The covenant package includes, but is not limited to, restrictions on the payment of dividends while any current interest or other payments to the lenders and agreed maintenance payments are outstanding; negative pledge provisions; restrictions on incurring financial indebtedness; financial covenants including interest cover and loan to value ratios; limitation on disposal of assets including properties; limitation on the entry into leases and agreeing to any rent review or adjustment; obligations to have all properties financed by the Facility Agreements revalued at the security agent's request; obligations to maintain insurances in the amount and in the form and substance satisfactory to RBS; obligations to keep the properties in good and substantial repair and obligations regarding the appointment and acceptability of the managing agents for the properties; obligations to deliver financial statements and other information.

The events of default contained in the Facility Agreements include, but are not limited to, non-payment; breach of obligations; misrepresentation; cross-default provisions; with respect to the Z3 Portfolio and the Z6 Portfolio - an event of default occurring and continuing under the Z6 Portfolio Facility Agreement or the Z3 Portfolio Facility Agreement, respectively; insolvency events; compulsory purchase of, or material damage to or destruction of, a property or properties; material qualification of financial statements; change of ownership; cross default provisions to the other financial indebtedness of the obligors under the relevant Facility Agreement (and with respect to the Z3 Portfolio and the Z6 Portfolio - under the cross collateralized facility as well); other events or series of events that may have a material adverse effect on the ability of the obligors to perform and comply with its material obligations. Occurrence of an event of default entitles RBS to terminate the relevant Facility Agreement and to demand immediate repayment of all amounts outstanding and to refuse to allow any dividends to be paid.

(b) The Intercreditor Agreement

The Intercreditor Agreement relating to the RBS Facilities and the B Note was entered on 22 February 2013 by and between, inter alia, RBS as lender under the RBS Facilities and Gallia Invest as lender under the B Note. The Intercreditor Agreement also sets out the conditions and terms under which Gallia Invest acquired the B Note.

The B Note, in the aggregate nominal loan amount of €120 million, was acquired from RBS for a total consideration of €90 million.

The Intercreditor Agreement regulates the interrelation between the lenders, including in particular the subordination of the B Note to the RBS Facilities.

Except as provided below, Gallia Invest may not before the scheduled interest payments and principal repayments in respect of the RBS Facilities have been unconditionally and irrevocably paid and discharged in full, unless otherwise agreed therein:

- (i) receive any distribution or payment in respect of the B Note;
- (ii) receive the benefit of any security interest, guarantee, indemnity or other assurance against loss in respect of the B Note;
- (iii) take or omit to take any action which might impair the priority or subordination of the debt.

As long as there is an outstanding debt under the RBS Facilities, the Facility Agreements in respect of the Z3 Portfolio, the Z6 Portfolio and the Clara Portfolio may be amended, and terms thereof may be waived, upon the sole consent of RBS, except in respect of the terms of payments which require the consent of RBS and Gallia Invest.

Gallia Invest may elect to purchase, or arrange for another person to purchase, all (but not only a part) of the RBS Facilities.

Until all of the RBS Facilities have been unconditionally and irrevocably paid and discharged in full, Gallia Invest waives any right it may have of first requiring RBS (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming the benefit of the Intercreditor Agreement.

Until the RBS Facilities are fully discharged, Gallia Invest may not: (i) be subrogated to any rights, security or moneys held, received or receivable by any other creditor or be entitled to any right of contribution or indemnity in respect of any payment made or moneys received on account of its liability under the Intercreditor Agreement; (ii) claim, rank, prove or vote as a creditor of any person or estate in competition with RBS; (iii) receive, claim or have the benefit of any payment, distribution or security from or on account of any person.

Until the RBS Facilities are fully discharged, enforcement actions may be instructed only by RBS.

Except the assignment by way of security to the Debenture Security Trustee, Gallia Invest may not assign or transfer any debt owing to it or any of its rights and obligations under the Intercreditor Agreement to any person, unless the assignee is an affiliate of Gallia Invest or RBS has granted its prior written consent; such consent not to be unreasonably withheld.

RBS may assign or transfer any debt owing to it; or any of its rights and obligations under the Intercreditor Agreement and the RBS Facilities to any person.

The Intercreditor Agreement sets forth additional provisions as to the distribution of income from the Z3 Portfolio, the Z6 Portfolio and the Clara Portfolio between RBS and Gallia Invest. For further information about these provisions see paragraph 15 of this Part X of this document.

In addition to default events provided in the RBS Facilities, the Intercreditor Agreement sets forth certain financial covenants relating to the Facility Agreements, namely that the Z3 Portfolio, the Z6 Portfolio and the Clara Portfolio combined meet the following covenants: (a) the overall combined interest coverage ratio across all credit agreements is higher than 1.75%; and (b) the overall combined LTV for all credit agreements is lower than or equal to 75%. As long as the combined interest coverage ratio and LTV covenants are met (even if there is a breach of the interest coverage ratio or LTV covenant on individual loan level) the agreed cash waterfall applies. A breach of the combined interest coverage ratio or LTV covenant results in a full cash sweep to the senior lender.

The Intercreditor Agreement sets forth targets for net proceeds from disposal of properties within the Current Portfolio, in a total amount of €100 million, to be achieved in annual installments on or before the maturity date of the RBS Facilities and the B Note, being 31 December 2017. The accumulated sum of the net sale proceeds is required to be at least €10 million, €25 million, €50 million and €75 million on 15 January of 2014, 2015, 2016 and 2017 respectively and at least €100 million on 31 December 2017. Such proceeds shall be used to repay the RBS Facilities in an amount equal to 115% of the outstanding debt under the RBS Facilities for the sold property ("**Release Price**"), thereby accelerating repayment of the RBS Facilities. The sales proceeds after deducting the Release Price may be used to repay the B Note up to an additional 45% of the outstanding debt under the RBS Facilities for the sold property. Any remaining balance shall be divided equally between repayment of the RBS Facilities and the B Note.

In the event of a refinancing of any property included in the Z3 Portfolio, the Z6 Portfolio and the Clara Portfolio, the free cash resulting from the refinancing shall be used to repay the RBS Facilities debt in an amount equal to 110% of the outstanding debt under the RBS Facilities for the refunded property, provided that the LTV attributed to the portfolio the refinanced property belongs to is equal to or lower than 65%, according to the latest valuation at such time.

In the event of a refinancing of an entire portfolio, the repayment of the portion of the B Note pertaining to such portfolio shall be withheld, until the LTV for the remaining properties will be equal or lower than 70%.

In the event of a partial sale or a partial refinancing, the preceding provisions will not apply, provided that at the time of such refinancing, the B Note is 50% or more of the original amount of the B Note.

The Company has committed to make capital expenditures in accordance with an expenditure budget plan that shall be agreed with RBS, in amounts of not less than €1.5 million for each year in the period 2014 to 2017 (both dates inclusive).

(c) DG-HYP Facility

The DG-HYP Facility dated 7 November 2013 made between DRESTATE Objekte Vierte GmbH & Co. KG ("**Borrower**") and Deutsche Genossenschafts-Hypothekenbank AG ("**Bank**") is for €23,500,000 with a term expiry date of 30 November 2018. The loan is to be repaid in instalments of €117,500 at the end of each quarter and by way of a final instalment of €21,150,000 at the end of the term.

On disbursement, the loan is subject to an increased margin rate of 1.64% over 3-month EURIBOR p.a. If no EURIBOR rate is available the interest rate for the relevant interest period will be 1.64% p.a. over the interbank offered rate for term loans with a respective term.

Certain fees are payable to the Bank under the DG-HYP Facility, namely: (i) a onetime arrangement fee of €235,000 payable up front, (ii) a fee for evaluating costs in the amount of €13,000, and (iii) an exit fee in case of early prepayment of 0.25% per remaining year of the term of the loan based on the repayment amount.

The Borrower is obliged to conclude a hedging with a maximum interest rate of 3.5% p.a., which may be a swap, cap or other financial derivative provided the hedge has the same maturity date as the loan agreement. The hedge is to be concluded with DZ Bank AG.

The LTV rate shall not exceed a maximum of 75% under the DG-HYP Facility, with such percentage decreasing to 70%, four years after the date of disbursement. The Bank will test the LTV every two years, starting on 30 November 2015. In case of a breach of the LTV covenants a full cash sweep shall apply on the review date.

The Borrower must maintain a DSCR of at least 145% calculated with actually payable debt service. The maintenance of the DSCR will be tested by the Bank every six months (the review date), the first review date being on 31 March 2014. For the calculation of the DSCR only such lease agreements will be considered that have been serviced properly in the previous quarter and only such rental incomes that are due before the first legally possible termination of the lease agreements.

If the Borrower breaches the DSCR or LTV covenants on a review date, a full cash sweep will occur on each payment date (i.e. the actual account balance from the rent account has to be transferred on the pledged reserve account). The account balance is calculated on the basis of the actual net rent minus calculatory operating costs (assessed by VR Wert) in the actual amount of €172,000 (therefore €43,000 per quarter) minus the current debt service. No balance on the rent account can be freely disposed of by the Borrower during the full cash sweep. The full cash sweep shall proceed until the Bank confirms the cure of the breach of covenant.

The Borrower must provide certain lease documentation to evidence rental of vacant space on the review date. If the Borrower breaches this covenant, a cash trap will occur (i.e. that until evidence for the existence of a lease or subletting is submitted, the existing account balance has to be transferred on the pledged reserve account). The cash trap shall proceed until the Bank confirms the cure of the breach of covenant. The cash trap can be released as soon as the Borrower can (i) submit proof for a newly concluded lease agreement for the Company space with a minimum term of five years or any other subletting with a remaining term of five years, starting on 1 January 2017, (ii) comply with the DSCR ratio as well as (iii) comply with all other contractual obligations and covenants.

As security for the loan, the Borrower must assign to the Bank a first ranking mortgage in the amount of €44,482,393,66. The mortgage has to be immediately enforceable pursuant to section 800 of the German Civil Code. For the payment in the amount of the mortgage the Borrower has to declare its personal acknowledgement of debt according to all of its assets. The Borrower must also grant further additional securities, namely: (i) an assignment of rent receivables, (ii) an assignment of claims relating to building insurance agreements, (iii) a pledge over accounts, (iv) a loan maintenance agreement with subordination clause to ensure subordination for all existing and future shareholder loans, and (iv) a so called “Liegenbelassungserklärung” (declaration that encumbrances and easements regarding a property shall remain in force in case of an enforcement) in agreed from with the Bank.

Three months after the date of the loan agreement, the conditions of clause 9.4 of the loan agreement for achieving “Pfandbrieffähigkeit” (capability of refinancing under a German Pfandbrief) are not met, an additional margin of 0.51% p.a. will be charged by the Bank until the conditions of clause 9.4 are fulfilled.

14.3 Carried Interest Provisions

The following is a brief summary of certain of the material provisions in the SFL Articles relating to the “carried interest” of SMC referred to in paragraph 8 of Part II of this document.

The SFL Articles contain provisions, *inter alia*, to the following effect:

- (a) The ordinary shares in SFL constitute one class and rank *pari passu* in all respects and shall have the rights to vote, receive dividends and capital on a winding up in accordance with the SFL Articles.
- (b) The B shares in SFL constitute one class and rank *pari passu* in all respects. The B shares shall not have the right to vote at general meetings save on any resolution to wind up SFL and in circumstances where the rights of the B shares would be altered. The B shares’ only entitlement to dividends, distributions or returns of capital on a winding up or otherwise is contained in the SFL Articles.
- (c) The B shares may only be held by SMC, the asset manager of the Group from time to time or any entity nominated by the Company in accordance with the SFL Articles.
- (d) SFL must declare dividends in respect of each of its accounting periods as follows:
 - (i) first, to the holders of ordinary shares at the end of the relevant accounting period such that the sum distributed to them in respect of that accounting period is equal to the hurdle;
 - (ii) second, to the holders of ordinary shares at the end of the relevant accounting period, such that the sum distributed to them in respect of that accounting period (including any sum distributed or to be distributed under (i) above or otherwise to ordinary shareholders in respect of that accounting period) and all previous accounting periods is equal to the hurdle in respect of that and all previous accounting periods; for this purpose to the extent that the sums received in respect of previous accounting periods was less than the hurdle for that period, the shortfall shall be made up in subsequent accounting periods but shall not bear interest or be compounded (the “**Shortfall**”); and
 - (iii) finally, in paying any further net cashflows received by members of the group in respect of that accounting period, to the members which hold ordinary shares and the members which hold B shares in the ratio of 75:25.

For these purposes: the “hurdle” is the amount of net cashflows which would be required to give to the members of the Group in the accounting period ending on the relevant accounting date a (non-compounded) 8 per cent. annum rate of return on equity invested (the “**Hurdle**”); “net cashflows” are, in respect of an accounting period, the aggregate cash amounts received by members of the Group (whether or not declared as dividends or otherwise distributed or paid) during that accounting period (comprising the amounts set out in the SFL Articles); and an “accounting period” is a period ending on and including 31 December each year (with the first accounting period having begun on 24 April 2006 and ended on 31 December 2006).

- (e) To the extent that there are insufficient distributable profits available from time to time to pay the relevant proportion of the net cashflows to the members holding b Shares in accordance with (d) above or SFL does not declare such a dividend, SFL will, at the option of the holders of the B shares, make an interest free loan to them of the sum that would have been payable had it declared such dividend or had had sufficient distributable profits. If the B shareholder does not make the election to receive an interest free loan referred to above, the shortfall shall bear interest at a rate of 2.5 per cent per annum above the five years Euro swap rate of ABN AMRO from the relevant accounting date until the date of payment. The amount of the deficit (plus interest, where applicable), shall be included as a first charge on any future dividends subsequently declared so as to satisfy the return due to holders of B shares before the holders of ordinary shares in accordance with (d) above and in the event a loan is treated as having been made as aforesaid, the first amounts of such future dividends subsequently declared shall be deemed a payment of interest and then principal of such loan.
- (f) Where SFL pays interim dividends to ordinary shareholders it must make provision for its obligations under (d) which are reasonably satisfactory to the B shareholder.
- (g) The B shareholder may require SFL by notice in writing instead of paying it a dividend in accordance with (d) above, to pay such sum by way of a return of capital or repurchase of some of the B shares, but with effect that the holder of the B shares retain at all times at least one B share (and SFL shall take all necessary steps to give effect to their election).
- (h) If there is an exit event for the purposes of the SFL Articles, being the occurrence of a change of control of the Company or its principal subsidiaries, the Group selling all or substantially all of the properties, any insolvency proceedings with respect to the Company or its principal subsidiaries, the Company terminating the Portfolio Management Agreement on notice, a material change in the nature of the business of the Group or the Group being in material breach of the Portfolio Management Agreement (an "**Exit Event**"), the B shareholder may become entitled to sell its B shares to any entity nominated by the Company and such entity may become bound to purchase the B shares at a price calculated in accordance with the SFL Articles. In this situation the B shareholder may require SFL to pay the amount due by way of a dividend rather than by way of purchase of the B shares (in which case the B shares shall be transferred to the Company (or as it may direct) once payment is made).
- (i) If an Exit Event occurs, SMC can require the Company to procure that an entity nominated by the Company buy SMC's shares in SFL for a price equal to the value of the basic management fees that would have been paid to the Asset Manager plus the carried interest if the Portfolio Management Agreement had not been terminated on the basis that the portfolio remained the same during the term of the Portfolio Management Agreement. The carried interest entitlement shall be valued on amounts the B Shareholder would have received until the end of the term of the Portfolio Management Agreement at either the sum that would have been paid had the whole portfolio been sold at the latest valuation or had it been retained and its rent increased by 1.5% per annum over each of the three years after the termination of the Portfolio Management Agreement.
- (j) SMC has agreed to waive the rights set out in paragraphs (h) and (i) above where the relevant Exit Event is either a change of control or where the Company terminates the Portfolio Management Agreement on notice. SMC has agreed to pay one half of the carried interest payments received by it to Summit.
- (k) If SFL shall be wound up the liquidator may, with the sanction of an extraordinary resolution of SFL, divide amongst the members in specie or kind the whole or any part of the assets of SFL (whether they shall consist of property of the same kind or not) and may for such purpose set such value as he deems fair upon any property to be divided as aforesaid, and may determine how such division shall be carried out as between the members or different classes of members save that the holders of the B shares shall be entitled to receive a sum equivalent to the amount they would have received had the portfolio management arrangements with SMC been terminated on an Exit Event. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of contributories as the liquidator with the like

sanction shall think fit, but so that no member shall be compelled to accept any shares or other securities whereupon there is any liability.

14.4 Valentine Option

On 18 December 2013, Summit entered into a term sheet (the “**Valentine Loan Sale Agreement**”) with the special servicer of the Valentine Facility and DT12 Facility in respect of the acquisition by it or its subsidiary as nominated by it (the “**Purchaser**”) of the loans representing the Valentine Facility (together with the subordinated benefit of the associated security package, including the Valentine Portfolio) (the “**Valentine Loan**”), and certain loans within the DT12 Portfolio (together the “**D12 Loans**”). The outstanding balance of the Valentine Loan as at 31 December 2013 is approximately €74 million), and the outstanding balance of the D12 Loans as at 31 December 2013 is approximately €53 million.

A formal loan sale agreement is under negotiation and the closing date for the loan sale is intended to be 28 March 2014.

The purchase price payable by the Purchaser for the Valentine Loan and the DT12 Loans (the “**Valentine Purchase Price**”) is payable in two tranches, the first tranche being €42.5 million plus certain costs and expenses and the second tranche being a deferred payment equal to the amount by which the aggregate net sales proceeds from the sale of the DT12 Portfolio properties (pursuant to the DT12 Work-out) exceeds €112 million (being the face value of the DT12 facility (approximately €165 million as at 31 December 2013) less the face value of the DT12 Loans (approximately €53 million as at 31 December 2013) (the “**Deferred Payment**”). The Deferred Payment will be secured by the remaining security granted under the D12 Facility.

The Deferred Payment is subject to a cap equal to the D12 Holdco Loan amount at the relevant time (approximately €53 million as at 31 December 2013) plus €31.5 million (being the Valentine Loan amount at the relevant time (approximately €74 million as at 31 December 2013) minus €42.5 million). The aggregate target sales price for all of the properties within the DT12 Portfolio as set out in the DT12 Work-out agreement is approximately €78.4 million. Therefore, given the aggregate actual sales prices for the D12 Portfolio (assuming they are all sold) must exceed €112 million before any Deferred Payment is required to be made, the aggregate actual sales prices for the D12 Portfolio would have to be substantially in excess of the aggregate target sales price for any Deferred Payment in respect of the Valentine Loan and the DT12 Loans would be required to be made.

Two deposits are payable in respect of the Valentine Purchase Price. An initial deposit of €150,000 is required to be paid by Summit into a trust account in advance of the formal loan sale agreement being entered into. A second deposit of €1,350,000 will be payable by Summit into a trust account ten days after the execution of the formal loan sale agreement. The aggregate amount of these deposits will be deducted from the Valentine Purchase Price on the closing date. If the loan sale is not closed successfully by 28 March 2014, both deposits will be applied towards partial repayment of the Valentine Facility. The deposits will be repaid to the Purchaser, however, if the non-closing of the loan sale is not caused by the Purchaser or the obligors under the Valentine Facility and the DT12 Facility.

The Valentine Loan Sale Agreement transfers to the Purchaser or cancels the security with the Valentine Loan and the DT12 Loans (including the underlying properties, the security in respect of which will therefore be released) as well as providing for the cancellation of the existing cross-collateralisation between the DT12 Facility and the Valentine Facility.

As part of the ongoing negotiation of the formal loan sale agreement documenting the Valentine Loan Sale Agreement, the parties are discussing the best way to technically implement the acquisition of the DT12 Loans, which may result in delay of the acquisition of the DT12 Loans beyond the intended closing date of 28 March 2014. If the acquisition of the DT12 Loans is delayed and undertaken separately from the acquisition of the Valentine Loan, it is intended that the purchase price for the DT12 Loans will be €0. It is intended that all other terms of the Valentine Loan Sale Agreement (as described above) will remain unaffected.

In January 2014, Summit and the Company entered into a call option agreement (“**Valentine Option**”) which gives the Company the right to be assigned Summit’s rights under the Valentine Loan Sale Agreement to acquire the Valentine Loan and the DT12 Loans from the special servicer. The option is exercisable by the Company at any time before 31 March

2014. Under the terms of the option, the Company is required to reimburse Summit for all costs and expenses incurred in negotiating the Valentine Work-out and the financing of the acquisition of the Valentine Loan and the DT12 Loan. The Directors have not yet determined whether or not the Group will exercise the Valentine Option and no assurance can be given that the Company will acquire the Valentine Loan or the DT12 Loans.

14.5 DT12 Work-out

On 20 December 2013, the Company and the Group subsidiaries that own the properties in the DT12 Portfolio entered into a consensual work-out arrangement with the special servicer of the DT12 Portfolio pursuant to which it is intended that the 12 properties within the DT12 Portfolio will be sold by 28 February 2015 (the “**DT12 Work-out**”).

As part of this arrangement, the special servicer has agreed that, for as long as the terms of the Valentine Loan Sale Agreement and the DT12 Work-out are being complied with, the special servicer will not exercise or enforce its rights in respect of the defaults under the DT12 Facility, as assigned to it by the lender under that facility. During this standstill period, the sellers of the DT12 Portfolio properties under the DT12 Work-out are required to appoint a transaction manager to assist with the sales process. The transaction manager’s duties will include analysing and inspecting the properties, reviewing relevant documentation, assessing a value maximisation strategy with respect of the properties and identifying any re-positioning or development opportunities, marketing to and sourcing potential investors, performing initial negotiations with potential buyers and identifying tenant renewal opportunities.

Until the DT12 Portfolio properties are sold, the Group will continue to be responsible for managing the properties and will receive on-going fees for those services and further letting fees on extensions of existing leases, re-lettings and new leases. The Group is also entitled to certain fees based on the prices achieved on the sale of the properties. The potential fees include:

- monthly asset management fees of €1,250 per month for each DT12 Portfolio property;
- a set-up fee of €25,000;
- letting fees depending on the length of lease term achieved on new lettings and renewals, the level of effective net rental income and whether the lease is brokered;
- a consent fee of up to 1% of the projected gross sale price of any property (which are approximately €78.4 million in aggregate for the whole DT12 Portfolio) less any asset management fees received in respect of such property;
- a completion fee of a proportion of the amount by which the actual sale price in respect of a property exceeds the projected sales price, up to a maximum of 6% of the difference between the actual sale price and 130% of the projected sale price where the actual price exceeds the projected sale price by 30% or more; and
- a deferred fee depending on the extent to which the aggregate actual sales prices for all properties sold exceeds the aggregate target sale price for those properties sold.

The Company also has a right of first refusal to acquire any property within the DT12 Portfolio at a price of €10,000 above the highest bid price received from potential buyers in respect of the sale of such property and the Company may elect to reacquire some of the DT12 Portfolio properties if the prices are attractive. The bid processes in respect of the DT12 Work-out are ongoing and the Group has not yet determined whether or not it will acquire any of the DT12 Portfolio properties.

The net sale price of each DT12 Portfolio property sold is required to be paid to the facility agent who shall apply such amounts in reduction of the principal amount of the DT12 Facility.

The standstill period commenced on 20 December 2013 and will terminate on the earlier to occur of 28 February 2015 (if at such date not all properties have been sold or committed to be sold) and certain other events, including: (i) the successful sale of the all of the DT12 Portfolio properties, (ii) breach of any of the terms of the DT12 Work-out or Valentine Loan Sale Agreement, (iii) notification that the sale of the Valentine Facility and DT12 Loans under the Valentine Loan Sale Agreement will not complete, (iv) the occurrence of certain sales process termination event (including failure to meet certain milestones), and (vi) any further

events of default under the DT12 Facility or Valentine Facility. If the standstill period terminates the outstanding loan amount under the DT12 Facility (approximately €164.75 million as at the date of the DT12 Work-out) will become immediately repayable by the Group.

14.6 Share Buy-Back

The share purchase contract dated 31 December 2013 between the Company and Unifinter, pursuant to which the Company purchased 36,000,000 shares in the Company (the "**Buy-Back Shares**") from Unifinter for a total consideration of €21,438,000 in cash. Each of the Company and Unifinter gives certain customary warranties. Rather than make any cash payment to Unifinter for the Buy-Back Shares, the Company agreed to waive Unifinter's obligation to repay an outstanding loan from the Company to Unifinter in the amount of €21,438,000.

14.7 Summit Shareholder Loan

Loan agreement made between Summit as lender and the Company as borrower dated 6 February 2013, as amended by an amendment agreement between the parties entered into in December 2013 ("**Summit Shareholder Loan**").

Pursuant to the Summit Shareholder Loan, Summit made available to the Company an NIS denominated loan facility in an amount of up to approximately €60 million to fund part of the purchase price payable in respect of the acquisition of the B Note from RBS, of which approximately €46.5 million was drawn down by the Company to fund the acquisition. On 1 April 2013, the Company acquired the existing hedging arrangements in relation to the amortisation schedule from Summit for €3 million, which amount has been allocated to the facility.

Interest is payable on the amount of the facility outstanding from time to time at a rate of 9.5% per annum. The Company is required to make bi-annual interest payments and principal amortisation instalments on 31 January and 31 July of each year until final repayment of the facility on 31 July 2019. Subject to obtaining the written approval of the Debenture Security Trustee, the Company may prepay in part or in full the Summit Shareholder Loan at any time.

The parties have agreed that, (i) all terms and conditions under the Summit Shareholder Loan are subordinated to the obligations of Summit under a trust deed between Summit and the Debenture Security Trustee relating to the E Debentures ("**Trust Deed**"), (ii) all amounts received by the Company in connection with any properties securing the E Debentures (including the Current Portfolio) shall be subject to the provisions of the Trust Deed, and (iii) the Company shall, for as long as the E Debentures are outstanding, provide the trustee with a bank guarantee and/or cash deposit in an aggregate amount of at least 10% of the outstanding amount due by Summit to the E Debenture holders and shall endeavour to ensure that Summit does not breach its covenants to the E Debenture holders and to keep the securities granted in favour of the E Debenture holders in effect.

In certain circumstances, the Company will be obliged to repay the Summit Shareholder Loan in full prior to maturity, namely: (i) on various insolvency events affecting the Company; (ii) on various liquidation events affecting the Company; (iii) where Summit is required to repay the E Debentures early under the terms of the Trust Deed, and; (iv) where Summit buys back all or part of the E Debentures prior to maturity (subject to the approval of the Board).

14.8 Administration Agreement

An administration agreement (the "**Administration Agreement**") dated 27 January 2014 between the Company and Carey Commercial Limited (the "**Administrator**") sets out the terms on which the Administrator has been appointed. Under the Admission Agreement, the Administrator will provide the Company with administrative and company secretarial services and the services of one or more Guernsey resident directors (to perform the duties and adhere to the responsibilities as set out in the letter of appointment between the Company and that director). Pursuant to the Administration Agreement, the Administrator is to be paid an annual fee of £37,000 (exclusive of any value added tax that may be payable) and all reasonable out of pocket expenses. The Administrator may also charge fees on a time spent basis as are agreed between the Company and the Administrator for additional services. The fee will be subject to review six months after Admission, and thereafter annually. The Administration Agreement is terminable by the Administrator or the Company upon six months' notice given

at any time after the first anniversary of the date of Admission, save that either party may terminate the agreement immediately in the case of the other party's material breach of the agreement, on its liquidation, or if the Administrator is no longer permitted or qualified to perform its obligations under Guernsey law. The Administrator may also levy a termination/exit fee, currently set at a minimum of £1,000, depending on the method of termination/exit chosen. The Company has agreed to indemnify the Administrator against all loss or liability arising as a result of it performing its services under the agreement, other than in respect of such loss or liability that arises by reason of negligence, wilful default or fraud on the part of the Administrator.

14.9 Summaries of property management services provided to the Group by DRESTATE and DRE

- (a) Services agreements between various Group companies and DRESTATE as the service provider

The Group has entered into two services agreements with DRESTATE dated 1 July 2008 (as amended on 29 December 2008, 10 December 2009, 23 June 2011 and 25 June 2012) (the “**Property Services Agreement**”) and 30 December 2009 (as amended on 12 May 2010, 29 October 2010, 23 August 2011, 2 January 2013 and 28 December 2012) (the “**Staff Services Agreement**”) respectively pursuant to which DRESTATE provides property management and administrative services and certain advisory services to the Group in respect of the Z3 Portfolio, Z6 Portfolio and Clara Portfolio in the case of the Property Services Agreement and in relation to the Clara Portfolio only in respect of the Staff Services Agreement.

Such services include technical management of the properties, administrative management of the properties, management of leases, real estate advisory services (including in relation to sales and acquisitions of properties and property companies), financial bookkeeping, coordination of legal, tax, accounting and financial advices, and provision of treasury functions, risk control functions and organisational management and IT functions.

The aggregate annual fees for the basic services provided under these agreements are €2,964,706 net. Additional fees may apply where certain contemplated additional services, such as property sale and acquisitions services are provided.

The Property Services Agreement is currently on a rolling 12 month term subject to customary termination events, but does not have a provision allowing for termination by either party on notice. The Staff Services agreement is for an unlimited term subject to customary termination events and termination by either party on 6 months’ notice to the end of a calendar quarter.

- (b) Management services agreement between certain Group companies and DRE as service provider

The Group has entered into a management services agreement dated 30 December 2009 (as amended on 12 May 2010, 29 October 2010 and 23 August 2011) with DRE as service provider, pursuant to which DRE currently provides the services of Mr Boaz Rozen, the Group’s Head of Asset and Property Management, in respect of the Clara Portfolio in return for an annual fee of €196,400 gross. The agreement is for an unlimited term subject to customary termination events and termination by either party on 6 months’ notice to the end of a calendar quarter.

15 Summary of B Note and intra-Group financing arrangements

In connection with the refinancing of the Old RBS Facilities in February 2013, the Company acquired a subordinated €120.2 million tranche of the Old RBS Facilities (the “**B Note**”) for €90 million through its wholly-owned subsidiary, Gallia Invest. The Company financed the acquisition of the B Note with approximately €43.5 million from its own resources, together with a shareholder loan of approximately €46.5 million from Summit. To finance the Summit Shareholder Loan, Summit issued the E Debentures to investors, in connection with which Summit assigned the security in respect of the B Note to the Debenture Security Trustee on behalf of the E Debenture holders and gave certain further covenants in favour of the E Debenture holders. The terms of the Summit Shareholder Loan and the further loans made by the Company to fund the acquisition of the B Note by Gallia Invest reflect the terms of the E Debentures.

The terms of the acquisition of the B Note by Gallia Invest and the priority arrangements as between RBS and Gallia Invest as lenders to the Group are set out in an Intercreditor Agreement entered into between RBS, Gallia Invest and others in February 2013, which provides that the B Note has a second ranking security (behind RBS) over the Z3 Portfolio, the Z6 Portfolio and the Clara Portfolio. The Intercreditor Agreement also provides mechanisms for the distribution of income received in respect of the Z3 Portfolio, the Z6 Portfolio and the Clara Portfolio as between RBS and Gallia Invest, pursuant to which Gallia Invest receives excess cash after payment of interest and repayment of principal instalments to RBS in respect of the RBS Facilities and release of amounts to the property SPVs to cover operating and overhead costs and certain annual capex requirements in respect of the properties. A certain portion of the free cash received by Gallia Invest is then required to be released automatically to the Company to cover the Group's operating and overhead costs and any excess thereafter is used first to repay interest on the intragroup shareholder loans (including the Summit Shareholder Loan) and second to amortise the principal amount of such loans, in each case subject to certain financial covenants being met by the Group and the Debenture Security Trustee consenting to the release of funds from the Assigned Accounts. The financial covenants that are required to be met before the Debenture Security Trustee is required to release funds from these accounts include (i) that the cash in the Assigned Accounts plus the amount of a bank guarantee procured by Summit in favour of the E Debenture holders shall be not less than 10% of the outstanding principal amount of the E Debentures (approximately €4.6 million) and (ii) that the ratio of (a) the gross profits from the Z3 Portfolio, the Z6 Portfolio and the Clara Portfolio for the six months ended on the calculation date less the RBS interest payments and principal repayments over that period to (b) the aggregate principal repayment and interest payments due in respect of the E Debentures for the following six month period is not less than 1.3. Unifinter and Summit Real-Estate GmbH & Co. Dortmund KG (which together hold 97.38% of the Ordinary Shares prior to Admission) have undertaken in the Relationship Agreement that they will exercise the rights attaching to the Ordinary Shares held by them in a manner consistent with procuring that all actions necessary to ensure release of funds from the Assigned Accounts are performed. Summaries of the Intercreditor Agreement and Relationship Agreement respectively are set out at paragraphs 14.2 and 16.2 of this Part X of this document.

In connection with the issue of the E Debentures, the debenture holders were granted various forms of security over the assets and cash of the Group, including an assignment of Gallia Invest's subordinated rights under the Intercreditor Agreement to be paid interest and repaid principal on the B Note, assignments of the Assigned Accounts and pledges of shares in Gallia Invest and Summit LoanCo. Summit also undertook in favour of the E Debenture holders that the following financial and other covenants would be met: (i) Summit's equity capital shall not be less than NIS 300 million (approximately €65 million), (ii) there would be no change of control of Summit, (iii) the debt cover ratio of the Current Portfolio shall be at least 1.15, (iv) the ratio between Summit's equity capital and its total assets shall not be less than 15% and (v) the cash in the Assigned Accounts plus the amount of a bank guaranteed procured by Summit in favour of the E Debenture holders shall be not less than 10% of the outstanding principal amount of the E Debentures (approximately €4.6 million). Mr Levy has given undertakings in the Relationship Agreement in favour of the Company that he will not take any actions which would result in a change of control of Summit or merger of Summit (save as permitted under the E Debenture) and Summit has given undertakings under the Relationship Agreement that it will not and will procure that no Group Company will not acquire any property (whether directly or indirectly) with a net asset value in excess of €100 million without the prior written consent of the Company. See paragraph 16.2 of this Part X for further information.

The terms of the E Debenture also provide for immediate repayment of certain amounts of the E Debentures in February 2018 if the gross proceeds of sales of properties in the Z3 Portfolio, the Z6 Portfolio and the Clara Portfolio have exceeded €80 million at that time and amounts remaining in the designated bank account into which the proceeds of such sales are required to be paid after repayment to RBS of 115% of that portion of the RBS Facilities that relates to the properties sold exceeds €2 million. The amount of the E Debentures that is required to be repaid (and therefore the amount of the Summit Shareholder Loan that the Company will be required to repay to Summit) is equal to the excess of the aggregate sales proceeds received by the Group from the sale of properties after repayment of 115% of the monies owed to RBS in respect of such properties at the relevant time.

16 Contracts Relating to Admission

16.1 Placing Agreement

The conditional placing agreement dated 14 February 2014 between (1) Cenkos, (2) the Company, (3) the Directors, and (4) Summit relating to the Placing and Admission, pursuant to which Cenkos has agreed, as agent for the Company, on the terms and subject to the conditions of the Placing Agreement, to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing is not underwritten. The Placing Agreement is conditional on, inter alia, Admission taking place no later than 8.00am on 26 February 2014 (or such later time and date as the Company and Cenkos may agree, being in any event not later than 8.00am on 12 March 2014) and the Company and the Directors complying with certain obligations under the Placing Agreement.

Under the Placing Agreement, the Company has agreed to pay to Cenkos: (a) a corporate finance fee of £200,000, which shall be satisfied by the allotment and issue to Cenkos (or its nominee) of 380,952 new Ordinary Shares at the Placing Price (converted into sterling at the Agreed Exchange Rate as defined in the Placing Agreement); and (b) a commission of £1,078,586.96, being an amount equal to four per cent. (4%) of the gross amount of the funds raised for the Company, of which: (i) £940,171.16 shall be satisfied by the allotment and issue to Cenkos (or its nominee) of 1,790,803 new Ordinary Shares at the Placing Price (converted into sterling at the Agreed Exchange Rate as defined in the Placing Agreement); and (ii) £138,415.80 shall be satisfied in cash, being an amount equal to 2.67% of the gross amount of the funds raised for the Company by placees procured by Broker Profile Limited, shall be satisfied by the allotment and issue to Broker Profile Limited (or its nominee) of 263,649 new Ordinary Shares at the Placing Price (converted into sterling at the Agreed Exchange Rate as defined in the Placing Agreement). All such new Ordinary Shares are to be allotted and issued on Admission. In addition, the Company has agreed to pay all professional fees (including without limitation, Cenkos' professional adviser's fees) as stipulated in the Placing Agreement and reasonable out-of-pocket expenses incurred by Cenkos for the purpose of or in connection with the Placing and Admission.

The Placing Agreement contains representations and warranties given by the Company, the Directors and Summit to Cenkos as to the accuracy of the information contained in this document and other matters relating to the Group, the Portfolio and the Group's business and activities and an indemnity given by the Company in favour of Cenkos. Cenkos is entitled to terminate the Placing Agreement in certain specified circumstances prior to Admission.

Each of the Directors has agreed not to transfer, or agree to transfer, the Ordinary Shares which he owns, for a period of 12 months following Admission. This restriction is subject to a number of limited exceptions. In order to help maintain an orderly market, each of the Directors has agreed that he will not sell or dispose of, or agree to sell or dispose of, such Ordinary Shares for a further period of 12 months following such lock-in period, unless such sale or disposal is made in consultation with and effected through Cenkos, provided that if Cenkos is unable to place such shares on reasonably acceptable commercial terms within 10 business days, the Directors shall be free to dispose of such shares through a third party broker on terms and at a price no less favourable than was offered by Cenkos.

16.2 Relationship Agreement

The Relationship Agreement dated 14 February 2014 between (1) Summit, (2) the Company, (3) Unifinter, (4) Summit Real-Estate GmbH & Co. Dortmund KG ("**SREG**"), (5) Zohar Levy, and (6) Cenkos, pursuant to which the parties have agreed to manage their relationship to ensure that, following Admission: (i) the Company and the Group will be capable at all times of carrying on its business independently of the Summit Group; (ii) all transactions and relationships between the Company and any Group Company (on the one hand) and Summit and any Summit Group Company (on the other hand) are on an arm's length basis; and (iii) certain arrangements are in place with respect to the B Notes.

Summit, Unifinter and SREG have agreed not to dispose, (or to agree to dispose), of any shares subject to the lock-in provisions (the "**Restricted Shares**"), and shall exercise all powers vested in them to procure, insofar as it is reasonably able, that their respective associates shall not, sell, mortgage, charge, assign, transfer, grant options over or otherwise dispose of (or agree to sell, mortgage, charge, assign, transfer, grant options over or otherwise

dispose of) any Restricted Shares or any interest in any Restricted Shares for a period of 12 months following Admission. This restriction is subject to a limited number of exceptions. In order to help maintain an orderly market for the Restricted Shares, Summit, Unifinter and SREG have agreed that for a further 12 months following such lock-in period, any member of the Summit Group who wishes to sell any such securities shall do so only through Cenkos or such other broker of the Company at such time. Unifinter and SREG shall be permitted to grant security or create a security interest over the Restricted Shares held by them with the prior written consent of Cenkos, provided that 40% of Restricted Shares held by them in aggregate remain unencumbered.

Each member of the Summit Group undertakes that, in the event that it encounters a commercial property-related opportunity in Germany, it will notify the Company of the opportunity and it will not pursue such opportunity without first referring it to the Company for consideration. If the Company decides not to pursue such an opportunity, the relevant member of the Summit Group may acquire the property or offer it to an associate or third party on terms not materially more favourable than those offered to the Company.

Each member of the Summit Group undertakes to each of the Company and Cenkos (or such other person as may be the nominated adviser of the Company from time to time) that during the period ending on the date falling 24 months from the date of the Relationship Agreement or, if earlier, the date on which the E Debentures are repaid in full, it will not (save as permitted under certain circumstances) acquire any property (whether directly or indirectly) with a net asset value in excess of Euro 100 million without the prior written consent of the Company.

Zohar Levy undertakes to each of the Company and Cenkos that, until the earlier of the termination of the Relationship Agreement and the repayment in full of the E Debentures: (i) he shall not sell such number of Restricted Shares as would result in him losing control (as defined under the Israeli Securities Law 1968); and/or (ii) Summit shall not effect any merger, in each case other than as permitted by, and in accordance with, the terms of the B Note or E Debentures.

Each member of the Summit Group and its associates may transfer any Restricted Shares or any interest in any Restricted Shares to any other member of the Summit Group, provided that if the transferee ceases to be a member of the Summit Group, the transferring member of the Summit Group shall procure that the transferee shall transfer all Restricted Shares either back to the transferring member of the Summit Group, or to another company which is a member of the Summit Group.

A transfer or disposal of shares by SREG to Unifinter following Admission is explicitly permitted.

Unifinter (or such other Summit Group Company holding the majority of Ordinary Shares held by the Summit Group) shall be entitled to appoint: (a) one Director of the Company for so long as it continues to hold 40% or more of the Ordinary Shares but less than 60% of the Ordinary Shares; or (b) two Directors of the Company for so long as it continues to hold 60% or more of the Ordinary Shares. There shall at all times be two independent directors, excluding the chairman of the Board.

The Company has agreed to reimburse Summit out of the proceeds of the Placing for its reasonable costs and expenses incurred in connection with Admission and the Placing (up to an aggregate amount not exceeding €150,000).

The Relationship Agreement shall terminate on the Ordinary Shares ceasing to be admitted to trading on AIM (other than by way of temporary suspension lasting not more than five trading days or on the Summit Group (and/or any of its associates) ceasing to own or to control directly 30 per cent of the Ordinary Shares or voting power in the Company.

The members of the Summit Group which are parties to the Relationship Agreement have also granted certain non-solicitation undertakings.

16.3 Nominated Adviser and Broker agreement

A nominated adviser and broker agreement dated 14 February 2014 between Cenkos and the Company (the “**Nomad Agreement**”), pursuant to which Cenkos has agreed to act as the Company’s nominated adviser and broker as required by the AIM Rules. The Nomad Agreement is terminable by either party on 3 months’ notice after the first anniversary of the date of the Nomad Agreement or forthwith by the parties in certain circumstances. The

Nomad Agreement provides for the Company to pay Cenkos a fee of £60,000 per annum (plus VAT payable and disbursements) payable in 2 instalments 6 monthly in advance with effect from the signature of the Nomad Agreement until its termination or expiry. The Nomad Agreement also provides that, for a period of 24 months from the date of Admission, Cenkos shall be entitled to a right of first refusal and the Company shall be obliged to offer Cenkos the opportunity to act as the Company's (and any of its subsidiaries') nominated adviser, financial adviser, broker, nominated adviser, placing agent, underwriter or similar role on any future transaction, takeover or other corporate activity on terms to be negotiated between Cenkos and the Company (or its subsidiary), subject to certain conditions. Under the Nomad Agreement, the Company has provided certain indemnities to Cenkos.

16.4 Registrar agreement

A registrar agreement between (1) the Company and (2) Capita Registrars (Guernsey) Limited (the "**Registrar**") dated 14 February 2014, pursuant to which the Registrar has been appointed to act as registrar of the Company. The Registrar shall be entitled to receive a fee from the Company at the basic fee of £1.25 per shareholder account per annum, subject to an annual minimum charge of £5,950, payable quarterly in arrears. Additional fees payable by the Company include, inter alia, fees of £1,000 per meeting for online proxy voting services, £800 for CREST proxy voting services per meeting or £1,250 per meeting when these services are taken together. The Registrar shall also be entitled to reimbursement of all reasonable out of pocket expenses properly incurred on behalf of the Company and for certain disbursements. The agreement contains an indemnity in favour of the Registrar against court costs and expenses arising out of the Company's breach of the agreement and claims by third parties except to the extent that the claim is due to the fraud or negligence or wilful default of the Registrar or its agents, officers or employees. The agreement shall commence on Admission and continue for 12 months (unless terminated in accordance with the termination provisions). The agreement may be terminated by either party giving not less than three months' written notice, provided such notice expires after the initial 12 month term; if written notice is given that either party goes into liquidation or commits a material breach of the agreement; or if 3 months' written notice is given should the parties not reach agreement regarding an increase of fees.

17 Related Party Transactions

Save as described in Note 12 to the Group's historical financial information in Section B, and Note 4A1, Note 6 and Note 11D to the Group's unaudited interim results for the six months ended 30 June 2013 in Section C, both of Part VII of this document, for the three financial years ended 31 December 2010, 2011 and 2012 and the period between the end of the period covered by the historical financial information and the date of this document, there were no other related party transactions entered into by the Company or any member of the Group.

18 Consents

- 18.1 Cenkos has given and not withdrawn its written consent to the issue of this document with the inclusion in it of its name in the form and context in which it appears.
- 18.2 Deloitte LLP has given and not withdrawn its consent to the inclusion of its report in Part VII of this document in the form and context in which it appear.
- 18.3 DIWG has given and not withdrawn its consent to the inclusion of its report in Part IX of this document and of its name in the forms and context in which they appear.

19 General

- 19.1 The International Security Identification Number (ISIN) of the Ordinary Shares is GG00BJ4FZW09.
- 19.2 The auditors of the Group are Deloitte LLP, whose office address is P.O. Box 137, Regency Court, Glatigny Esplanade, St. Peter Port, Guernsey GY1 3HW. The auditors are a member of the Institute of Chartered Accountants of England and Wales.
- 19.3 Other than the intended application for Admission and the admission of the Company's shares to trading on AIM in 2006, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made, nor are there intended to be any other arrangements for dealings in the Ordinary Shares.

- 19.4 To the extent information has been sourced from a third party, this information has been accurately reproduced and, as far as the Directors and the Company are aware and are able to ascertain from information published by that third party, no facts have been omitted which may render the reproduced information inaccurate or misleading.
- 19.5 No person (other than professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company within 12 month preceding the date of this document; or entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:
- (a) fees totalling £10,000 or more;
 - (b) securities in the Company with a value of £10,000 or more calculated by reference to the expected opening price; or
 - (c) any other benefit with a value of £10,000 or more at the date of Admission.
- 19.6 The total costs (including fees and commissions) (exclusive of recoverable VAT) payable by the Company in connection with the Placing and Admission are estimated to amount to approximately €3.9 million, of which amount approximately €2.3 million was compensated by the issue of new Ordinary Shares to the relevant advisers at the Placing Price per share.
- 19.7 Save as disclosed in this document, the Directors are not aware of any trends, uncertainties, demands, commitments or events which are reasonably expected to have a material effect on the Company's or Group's prospects for at least the current financial year.
- 19.8 Save as disclosed in this document, the Directors are not aware of any environmental issues which may affect the Company's or Group's utilisation of its tangible fixed assets.
- 19.9 Save as disclosed in this document, the Directors are not aware of any intellectual property rights, licences or any industrial, commercial or financial contracts which are or may be material to the business or profitability of the Company or the Group.

20 Availability of Documents

- 20.1 Copies of this document will be available free of charge during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) until the date following one month after the date of Admission at the registered office of the Company and at the offices of Cenkos, 6.7.8 Tokenhouse Yard, London EC2R 7AS.
- 20.2 Copies of the following documents may be inspected at the offices of Norton Rose Fulbright LLP, 3 More London Riverside, London SE1 2AQ during usual business hours on any weekday (excluding public holidays) from the date of this document until Admission:
- (a) the Memorandum and Articles of Incorporation of the Company;
 - (b) the Portfolio Management Agreement referred to in paragraph 9.2 of Part X of this document;
 - (c) the letters of appointment of Directors referred to in paragraph 9.3 of Part X of this document; and
 - (d) the Accountant's Report contained in Section A of Part VII of this document;
 - (e) the Consolidated Historical Financial Information of the Group for the three years ended 31 December 2012, 2011 and 2010 contained in Section B of Part VII of this document;
 - (f) the Unaudited Interim Results of the Group for the six months ended 30 June 2013 contained in Section C of Part VII of this document;
 - (g) the Valuation Report contained in Part IX of this document; and
 - (h) the written consents of Cenkos, Deloitte LLP and DIWG referred to in paragraph 18 of this Part X of this document.

Dated: 14 February 2014

