



November 19, 2014

BCRE – Brack Capital Real Estate Investments N.V.

("BCRE" or the "Company")

INTERIM MANAGEMENT STATEMENT

The Board of BCRE – Brack Capital Real Estate Investments N.V. released its Interim Management Statement for the period from 1 July 2014 to 19 November 2014 (the "Period").

Highlights

- Capital reduction and distribution plan of €4.82 million approved by the Extraordinary General Meeting of the Company in accordance with the distribution policy announced previously by the Company.
- Completed the acquisition of 627 Greenwich Street, Manhattan, New York for \$106 million.
- Increased stake in Brack Capital Properties N.V. ("BCP"), the Company's German platform to approximately 34.3%.
- Issuance of bonds (series "C") listed on the Tel Aviv Stock Exchange by BCP, raising €22 million.
- Purchased a portfolio of 308 residential units in Dortmund, Germany for €10.8 million.
- Purchased a 20,000 sq. m. portfolio of residential and office buildings in Dusseldorf, Germany for €12.85 million.
- Exchanged contracts for the acquisition of a portfolio consisting 267 residential units in North Rhine Westphalia and in Hanover, Germany for €13 million.

Harin Thaker, Chairman of the Company, said

"I am pleased to present the key trading highlights of the Company for the Period. We are glad to see expansion of our portfolio with new deals and look to continue progressing with existing projects."

Ariel Podrojski, Chief Executive Officer, said

"We are pleased to complete the acquisition of 627 Greenwich Street, Manhattan, New York, in line with our strategy to increase our operations in the USA. Our exposure to the German market also increased with the acquisition of new deals and an increased stake in our German platform, as intended."



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Operational Review

Set out below are the highlights for the Period in relation to the Company's main regional platforms:

USA

We were pleased to announce the successful acquisition of 627 Greenwich Street, Manhattan for \$106 million. The acquired property is a vacant building located in the West Village, Manhattan, New York, one of the most desirable neighborhoods of Manhattan, comprising approximately 115,000 sq. ft. of gross internal area and a net internal area of approximately 85,000 sq. ft.

The acquisition of the property in the Upper West Side of Manhattan, New York is still pending the approval of the State Court. The potential transaction involves the purchase of a building with a gross area of approximately 240,000 sq. ft. (net internal area of approximately 185,000 sq. ft.) for \$108.5 million.

These types of investment have been successfully executed by BCRE USA many times in the past. We intend to introduce JV partners in both these deals (as has already been done in the 627 Greenwich project). Based on previous experience, this is likely to be done at higher or on attractive terms for the Company and within capital structures that will allow BCRE to capture at least 50% of the profitability resulting from these projects. This is in line with BCRE's approach and should help to reduce the investment risk.

The 230 room CitizenM Hotel in Times Square which opened in April 2014 is doing well with recent figures ahead of business plan.

Cobblestone, our multifamily property in Cincinnati Ohio, continues to improve with current occupancy at 95% compared to 91% at the time of purchase, in January 2014, and rent increases of around 5%.

The development of the Indigo Hotel on 180 Orchard Street, Manhattan is progressing well and expected to open by Q2 2015.

Overall, it has been an active quarter with our existing developments and we are happy on the closing of the Greenwich deal, and continue with our objective to increase the USA operations.

Germany

BCRE continues to view Germany as a highly attractive market for investing in property. Brack Capital Properties ("BCP"), listed on the TASE, is the Group's German platform.

During the Period we increased our exposure in the German market, through three new deals as well as the purchase of 16,290 additional BCP shares, taking our holding up to 34.3%. We intend, to continue increasing, from time to time, our interest in BCP.

In October 2014, BCP completed the purchase of a portfolio of 308 residential units in Dortmund, Germany (the "Portfolio") for approximately €10.8 million (including transaction costs). The total leasable area of the Portfolio is 15,100 sq. m. The units are let to various tenants with the occupancy rate at 98% and the annual gross rent at €855,000.

In September 2014, BCP completed a transaction for the purchase of assets that are on 20,000 sq. m. of land comprising: an office building, a residential building and private homes in Dusseldorf close to our existing development project. The residential units are let to various tenants with an occupancy rate of about 84%. The purchase price is approximately €12.85 million (including transaction costs). BCP received from a German financing institution a non-recourse loan of €8 million, carrying annually interest rate of 3 month eurobour plus 2.25%, to finance the acquisition.

In September 2014, BCP exchanged contracts to purchase a portfolio of 267 residential units in North Rhine Westphalia in Hanover, Germany for approximately €13 million (not including transaction costs). The total units leasable area are 18,300 sq. m., let to various tenants with the occupancy rate at 95% and the annual passing rent of €1,139,000.

With the new acquisitions, our portfolio of multifamily units in Germany now stands around 9,200 units.

In July 2014, BCP raised €22 million through the issuance of bonds (series "C") with a duration of 8.5 years and annual interest rate of 3.3% adjusted for Israeli consumer price index.

Russia

The current geopolitical situation in the region is a concern which we are monitoring very closely. The impact of various sanctions and, more so, the drop in oil prices is clearly visible and likely to influence the economy in the short to medium term. However, as we are in the middle of the event, it is difficult to predict or estimate what would be the impact of these factors over such period. Our approach therefore continues to be cautious and vigilant. As a prolonged period of Rouble weakness is likely to weigh on US Dollar denominated leases, our focus continues to be on the execution and operations of our existing projects, working closely with and paying attention to our existing and potential tenants.

In Kazan, out of the five modules, three are currently under different stages of development:

- One module, which is fully leased and operational, has received positive response and attracted large crowds. Footfalls have been rising since the beginning of operations and currently stand at around 15,000 during weekdays, 17,500 during weekends and above 20,000 during wholesale days.
- Another module is currently being leased and handed over to tenants.
- The construction of the third module will be completed (infrastructure works and foundations in place) once let and in accordance with the nature of the tenants' business.

The shopping center, which is under development in Lyubertsy (Moscow Region), is in advanced stages of leasing and on track for completion in June of next year.

Outlook

During the Period and in line with our objective, we increased our exposure to the US and German markets. The intention is to continue increasing our exposure to these markets and steady expansion of a UK platform.

Development of our existing projects in Russia is expected to continue as stated with a cautious approach.

Overall, the Company plans to continue with the development and handover a number of projects which are in different construction stages until the end of 2015.

BCRE intends to make a distribution to its shareholders in accordance with the distribution policy announced previously by the Company. To this effect, the extraordinary general meeting of the Company adopted the resolution for a capital reduction of €0.03 per share, totaling €4.82 million. The reduction and distribution is expected to become effective, subject to court approval of the capital reduction, by the end of the Company's financial year.

Forward-looking statements

This report contains certain forward-looking statements with respect to the financial condition, results of operations and businesses of BCRE – Brack Capital Real Estate Investments N.V. These statements involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements.

About BCRE

BCRE is an international real estate development and investment group, headquartered in the Netherlands and listed on the London Stock Exchange. Through its subsidiary and associated undertakings, the Company is interested in, develops and operates an international portfolio of real estate assets, predominantly located in the USA, Germany, Russia, India and the UK.

The Company has established local management team platforms with significant local market expertise in the US, Germany, Russia, India and the UK with exclusive access to over 400 staff. At present, the Company has offices and teams in New York, London, Frankfurt, Düsseldorf, Moscow, Kazan, New Delhi, Amsterdam, Limassol and Budapest.