HB Reavis Investments Holding S.A.

Independent Auditor´s Report
and Consolidated Financial Statements
as at 31 December 2022
prepared in accordance with
International Financial Reporting Standards
as adopted by the European Union

Content

Consolidated Financial Statements as at 31 December 2022

HB Reavis Investments Holding S.A.

Consolidated Financial Statements
31 December 2022

Contents

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To the Board of Directors of
HB Reavis Investments Holding S.A.
21, rue Glesener
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Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Opinion

We have audited the consolidated financial statements of HB Reavis Investments Holding S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter relating to comparative information

We draw attention to the fact that we have not audited the accompanying consolidated statement of financial position of the Group as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, or any of the related notes and accordingly, we do not express an opinion on them. This comparative financial information has not been audited by another auditor in the previous year as the Group did not prepare the consolidated financial statements as at 31 December 2021.

Responsibilities of the Board of Directors for the consolidated financial statements

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

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

Responsibilities of the réviseur d'entreprises agréé for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Luxembourg, 31 May 2023

KPMG Audit S.à r.l.
Cabinet de révision agréé

Joseph de Souza
Partner

In millions of EUR	Note	31 December 2022	31 December 2021 Unaudited	31 May 2021 Unaudited
ASSETS				
Non-current assets				
Investment property	8	2,024.2	725.8	
Receivables and loans	9	64.4	15.7	-
Other non-current assets		1.5	0.7	-
Total non-current assets		**2,090.1**	**742.2**	**-**
Current assets				
Trade and other receivables	10	35.2	7.3	-
Derivatives and other financial assets	24	53.9	2.1	-
Other current assets		1.5	0.5	-
Restricted cash	11	50.5	7.2	-
Cash and cash equivalents	12	21.1	35.1	-
Total current assets		**162.2**	**52.2**	**-**
TOTAL ASSETS		**2,252.3**	**794.4**	**-**
EQUITY				
Share capital *(363,544,341 shares at EUR 1.00 each)*	13	363.5	292.2	-
Share premium	13	377.9	163.3	-
Retained earnings		(131.7)	(63.4)	-
Currency translation reserve		(6.5)	-	-
Equity attributable to the Company's owners		603.2	392.1	-
Non-controlling interest	16	12.4	-	-
TOTAL EQUITY		**615.6**	**392.1**	-
LIABILITIES				
Non-current liabilities				
Borrowings	14	987.3	304.2	-
Deferred income tax liability	22	132.5	60.0	-
Trade and other payables	15	12.7	2.3	-
Lease liabilities	14	12.3	7.3	-
Total non-current liabilities		**1,144.8**	**373.8**	-
Current liabilities				
Borrowings	14	279.0	7.0	-
Trade and other payables	15	211.9	21.0	-
Lease liabilities		1.0	0.5	-
Total current liabilities		**491.9**	**28.5**	-
TOTAL LIABILITIES		**1,636.7**	**402.3**	-
TOTAL LIABILITIES AND EQUITY		**2,252.3**	**794.4**	-

These consolidated financial statements have been approved for issue and signed on behalf of the HB Reavis Investments Holding S.A. on 22 May 2023 by the members of the Board of Directors of HB Reavis Investments Holding S.A. Shareholders have the power to amend these consolidated financial statements after issue.

Isabel Schellenberg
Director A
Represented on the basis of Power of Attorney by Liviu-Constantin Rusu

Liviu-Constantin Rusu
Director A

Marcel Sedlák
Director B

In millions of EUR	**Note**	**1 January 2022 - 31 December 2022**	**31 May 2021 - 31 December 2021 Unaudited**
Rental and similar income from investment property	17	50.5	-
Direct operating expenses arising from investment property	18	(12.6)	-
Net operating income from investment property		**37.9**	**-**
Net revaluation loss on investment property	8	(28.4)	**-**
Revenues from construction and other services	19	15.8	**-**
Construction services	19	(9.2)	**-**
Other operating expenses	20	(17.8)	(1.0)
Operating profit/(loss)		**(1.7)**	**(1.0)**
Interest expense	14	(22.6)	-
Foreign exchange losses, net	21	(7.6)	-
Net gains on financial derivatives	24	22.8	-
Finance costs, net		**(7.4)**	**-**
Loss before income tax		**(9.1)**	**(1.0)**
Current income tax expense		(1.2)	-
Deferred income tax expense		(1.7)	-
Income tax expense	22	**(2.9)**	**-**
Net loss for the year / period		**(12.0)**	**(1.0)**
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Translation of foreign operations to the presentation currency for the period		(6.5)	-
Total other comprehensive loss		(6.5)	-
Total comprehensive loss for the year / period		**(18.5)**	**(1.0)**
Net loss is attributable to:			
- Owners of the Company		(12.0)	**-**
- Non-controlling interest		-	**-**
Loss for the year / period		**(12.0)**	**(1.0)**
Total comprehensive loss is attributable to:			
- Owners of the Company		(18.5)	-
- Non-controlling interest		-	-
Total comprehensive loss for the year / period		**(18.5)**	**(1.0)**

		Attributable to owners of the Company							
In millions of EUR	**Note**	**Share capital (Note 13)**	**Share premium (Note 13)**	**Retained earnings**	**Translation reserve**	**Revaluation reserve**	**Total**	**Non-controlling Interest**	**Total equity**
Balance at 31 May 2021 Unaudited		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loss for the period		-	-	(1.0)	-	-	**(1.0)**	-	**(1.0)**
Other comprehensive loss		-	-	-	-	-	**-**	-	**-**
Total comprehensive loss for 2021 Unaudited		**-**	**-**	**(1.0)**	**-**	**-**	**(1.0)**	**-**	**(1.0)**
Shareholder contribution		292.2	163.3	-	-	-	**455.5**	-	**455.5**
Change in equity due to business combination under common control		-	-	(62.4)	-	-	**(62.4)**	-	**(62.4)**
Balance at 31 December 2021 Unaudited		**292.2**	**163.3**	**(63.4)**	-	-	**392.1**	-	**392.1**
Loss for the year		-	-	(12.0)	-	-	**(12.0)**	-	**(12.0)**
Other comprehensive loss		-	-	-	(6.5)	-	**(6.5)**	-	**(6.5)**
Total comprehensive loss for 2022		**-**	**-**	**(12.0)**	**(6.5)**	**-**	**(18.5)**	**-**	**(18.5)**
Shareholder contribution	13,16	71.3	265.6	-	-	-	**336.9**	-	**336.9**
Change in equity due to business combination under common control	16	-	-	(56.3)	-	-	**(56.3)**	12.4	**(43.9)**
Distribution to owners		-	(51.0)	-	-	-	**(51.0)**	-	**(51.0)**
Balance at 31 December 2022		**363.5**	**377.9**	**(131.7)**	**(6.5)**	**-**	**603.2**	**12.4**	**615.6**

In millions of EUR	**Note**	**1 January 2022 – 31 December 2022**	**31 May 2021 – 31 December 2021 Unaudited**
Cash flows from operating activities			
Loss before income tax		(9.1)	(1.0)
Adjustments for:			
Depreciation and amortisation		0.2	-
Revaluation losses/(gains) on investment property	8	28.4	-
Interest expense	14	22.6	-
Unrealised foreign exchange losses	21	7.2	-
Unrealised gains from financial derivatives		(22.8)	-
Impairment of receivables		0.4	-
Operating cash flows before working capital changes		26.9	(1.0)
Working capital changes:			
Increase/(decrease) in trade and other receivables, other assets and restricted cash		12.4	-
Increase/(decrease) in trade and other payables		(49.8)	0.7
Increase/(decrease) in derivative and other financial instruments		(16.0)	-
Cash used in operations		**(26.5)**	**(0.3)**
Interest paid		(14.1)	-
Income taxes paid		(0.6)	-
Net cash used in operating activities		**(41.2)**	**(0.3)**
Cash flows from investing activities			
Construction costs related to investment properties	8	(60.9)	-
Cash (paid)/received through business combinations	16	(105.6)	34.8
Net cash (used in)/from investing activities		**(166.5)**	**34.8**
Cash flows from financing activities			
Proceeds from borrowings	14	186.7	-
Repayment of borrowings	14	(9.5)	-
Repayment of lease liabilities	14	(0.3)	-
Contribution from shareholder	13	37.8	0.6
Share premium distributions	13	(21.0)	
Net cash from financing activities		**193.7**	**0.6**
Net (decrease)/increase in cash and cash equivalents		**(14.0)**	**35.1**
Cash and cash equivalents at the beginning of the period	12	35.1	-
Cash and cash equivalents at the end of the period	12	**21.1**	**35.1**

1 Corporate information

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (the "EU") for the year ended 31 December 2022 for HB Reavis Investments Holding S.A. (the "Company") and its subsidiaries (together referred to as the "Group" or "HB REAVIS Investments Group").

These consolidated financial statements have been prepared on a voluntary basis and are not intended as statutory consolidated financial statements under the Luxembourg regulations. The Group is exempted from the obligation to draw up consolidated financial statements and a consolidated Management report in accordance with articles 1711-5 of the law of August 10, 1915.

The Company was incorporated and is domiciled in Luxembourg. The Company is a limited liability company (société anonyme) and was set up in accordance with the Luxembourg regulations on 31 May 2021. The Company is registered at the Luxembourg Commercial Register under file R.C.S. Luxembourg no. B 255.856.

HB Reavis Investments Holding S.A. is ultimately controlled by Mr. Ivan Chrenko. The Group's immediate parent company is Hastonville Holdings Limited based in Cyprus with a 64.7% equity share as of the date of issuance of these consolidated financial statements. The remaining shares are held by Kennesville Holdings Ltd. (29.0%) and Skymound Ltd. (6.3%) (31 December 2021: HB Reavis RE B.V. held 99.99% of equity shares and HB Reavis Group B.V. 0.01%). The Group's ultimate parent company is Camron Holdings Limited based in Cyprus.

Principal activity. The HB REAVIS Investments Group is a real estate group with major portfolio of income producing investment properties in Slovakia, Poland, Hungary, Germany and United Kingdom. It is principally leasing out investment properties to its tenants and providing asset management services. The Group manages investment properties to earn rental income or for capital appreciation.

The Group focuses on providing high quality workspaces that are complemented by retail, restaurant opportunities and in case of project Varso, by a hotel.

HB Reavis Investments Holding S.A. was founded on 31 May 2021.

HB REAVIS Investments Group was established as result of reorganization of the HB REAVIS group (HB Reavis Holding S.A. and its subsidiaries) activities into ~~an~~ two separate business lines, a pure developer (HB REAVIS Group), and a pure income REIT-type* vehicle (HB REAVIS Investments group) to reflect the two different business models and the risk/return profiles of these two operations. The main purpose behind this reorganization is to create one of the best European office real estate investment vehicles and to communicate more clearly the business profile of both parts to their respective investors.

In the course of 2021 and 2022, the HB REAVIS Group transferred following income producing assets worth EUR 2.35 billion in gross development value into HB REAVIS Investments Group: Nivy Tower in Bratislava, Slovakia; Agora Tower and Hub in Budapest, Hungary; Varso I, Varso II and Varso Tower, Forest Tower and Forest Campus, all in Warsaw, Poland; Bloom in London, UK and DSTRCT in Berlin, Germany.

The separation was completed in November 2022, when the HB Reavis Group B.V. sold its shares in HB REAVIS Investments Holding S.A. to Hastonville Holdings Limited, Kennesville Holdings Ltd. and Skymound Ltd. As of 31 December 2022, HB REAVIS Investments Group is owned by the same Ultimate beneficial owner (UBO) as HB REAVIS Group, but managerially and financially independent of the development operations.

This separation ensures that the HB REAVIS Investments Group secures appropriate long-term financing and holds asset portfolio to capitalise future upside potential and ensure the steady cashflow generation capacity.
The remaining development operations will be a pure-play development business with a substantial future pipeline and a substantial project acquisition appetite across key markets: Poland, UK, and Germany. In the future, HB REAVIS Investments Group will (subject to sufficient resources) aim to provide a natural offtake for all our future projects, once completed and commercially stabilised.

Main goals to be achieved by reorganization into "Developer" (HB REAVIS Group) and "Investor" (HB REAVIS Investments Group):

- Creating a relevant player on the European office real estate investment market (core locations in capital cities, top product quality and recently finished portfolio)
- better support long-term investment strategy of shareholders
- clearer communication of the business profile of both parts to their respective investors, while still maintaining access to a quality pipeline of completed projects acquired and developed in line with long-term investment strategy.

The consolidated financial statements for the year ended 31 December 2022, were the first the Group had prepared in accordance with IFRS. In 2021 HB Reavis Investments Holding S.A. was part of HB REAVIS Group, therefore only statutory individual financial statements in accordance with local generally accepted accounting principles (Local GAAP) in Luxembourg were prepared.

* REIT – real estate investment trust

1 Corporate Information (Continued)

The Group had 98 employees in the core real estate operations of the Group (on full time equivalent basis) as at 31 December 2022 (2021: nil). The average number of employees in 2022 was 88 (2021: nil).

Registered address and place of business. The Company's registered address and principal place of business is:

21 Rue Glesener
L-1631 Luxembourg
Grand-Duchy of Luxembourg

2 Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are described below.

2.1 Basis of Preparation

Statement of compliance. These consolidated financial statements have been prepared in accordance and comply with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU"). The Group applies all IFRS standards and interpretations issued by International Accounting Standards Board (hereinafter "IASB") as adopted by the European Union, which were in force as of 31 December 2022.

First adoption of IFRS. The consolidated financial statements for the year ended 31 December 2022 are the first consolidated financial statements the Group has prepared in accordance with IFRS. Applying the exemption of IFRS 10.4, the Company has not prepared consolidated financial statements for the period ended 31 December 2021 and only individual financial statements were prepared in accordance with local generally accepted accounting principles (Local GAAP). In preparing the consolidated financial statements, the opening consolidated statement of financial position was prepared as at 31 May 2021, the date of transition to IFRS, which was also date of entity HB Reavis Investments Holding S.A. incorporation. All IFRS standards and interpretations issued by IASB in force as of 31 December 2022 were consistently applied also to opening consolidated statement of financial position as at 31 May 2021 and comparative balances as at 31 December 2021 of these consolidated financial statements.

The comparatives as at 31 December 2021, as at 31 May 2021 and for the period from 31 May 2021 to 31 December 2021 in these consolidated financial statements are presented as unaudited, since the consolidated financial statements as at 31 December 2021 were not prepared, thus could have not been audited.

Income and cash flow statements. The Group has elected to present a single 'statement of profit or loss and other comprehensive income' and presents its expenses by nature. The Group reports cash flows from operating activities using the indirect method. Interest received and interest paid are presented within operating cash flows. The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Group's business activities.

Preparation of the consolidated financial statements. These consolidated financial statements are presented in millions of Euro ("EUR") rounded to one decimal place, unless otherwise stated.

The preparation of these consolidated financial statements in accordance with IFRS as adopted by the EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Valuation techniques such as discounted cash flows models or models based on recent arm's length transactions or consideration of financial data of the counterparties are used to fair value certain financial instruments or investment properties for which external market pricing information is not available. Valuation techniques may require assumptions not supported by observable market data. Refer to Note 26.

Going concern. The consolidated financial statements have been prepared on a going concern basis, applying the historical cost convention, except for the measurement of investment properties (including those held for sale) and derivatives which are measured at fair value.

Real estate worldwide has been one of the few sectors to suffer long-term ill effects from the pandemic. Subsequently, global geopolitical risks have soared since Russia's invasion of Ukraine. Investors, market participants, and policymakers expect that the war will exert a drag on the global economy while pushing up inflation, with a sharp increase in uncertainty and risks of severe adverse outcomes.
The management has focused on the following key areas and stress-tested several scenarios to see how the Group is resilient to negative impact of the economic downturn:

- Overall liquidity position and access to existing and new credit facilities,
- Rising interest rates on debt and impact on debt service and cash flows,
- Ability to meet the covenants of the Group's debt arrangements,
- Declining demand, falling sales and margin pressures experienced by Group's current and future tenants.

2 Significant Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

The Management has performed stress-test scenario based on the business plan covering 24 months from the 31 December 2022 to evaluate the Group's cash-flow and 12 months from 31 December 2022 to evaluate Group's financial position. The stress test assumed unavailability of liquid markets with acceptable yields for the Group to sell its investment properties (other than completion of ongoing transactions of non-core land plots) until the end of 2024.

The stress test for balance sheet position assumed a significant reduction in valuation of investment properties in both Western and CEE markets. Applying measures having at disposal, the assumed declines in fair market values of investment properties would still keep the LTV covenant at individual projects level below the threshold triggering default as defined by loan agreements. In addition, the outcome of stress-test exercise has resulted in a cash surplus and sufficient liquidity for the activities of the Group at the end of the stress test period.

Possible contingencies from the already signed lease agreements have been assessed, but no major impact is expected as a result. In all countries of Group's operation, the Group has either started or is still exploring available options to utilise benefits from government aid programmes designed to support businesses, mainly in relation to energy prices. Distributions to owners will be reduced to lowest level in the past decade.

2.2 Consolidated Financial Statements

Consolidated financial statements. In preparing the consolidated financial statements, the individual financial statements of the consolidated entities are aggregated on a line-by-line basis by adding together the like items of assets, liabilities, equity, income and expenses. Transactions, balances, income and expenses between the consolidated entities are eliminated.

Subsidiaries. Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than majority of voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date on which control ceases.
The entities included within these consolidated financial statements are as follows:

				Percentage ownership interest and voting rights held	
Number	**Subsidiaries**	**Functional currency**	**Country of incorporation**	**31 December 2022**	**31 December 2021**
1	**HB Reavis Investments Holding S.A. *(The Company)***	EUR	Luxembourg	N/A	N/A
2	ONE House S.à r.l. [1]	GBP	Luxembourg	100	-
3	UBX 2 Objekt Berlin S.à r.l. [1]	EUR	Luxembourg	89.9	-
4	HB REAVIS INVESTMENTS CYPRUS LIMITED	EUR	Cyprus	100	100
5	HB Reavis Investments Germany GmbH	EUR	Germany	100	100
6	HB Reavis Investments UK Ltd.	EUR	UK	100	100
7	HB Reavis Investments Hungary Kft.	HUF	Hungary	100	100
8	HB REAVIS REAL ESTATE DEVELOPMENT FUND [1]	HUF	Hungary	100	-
9	HB Reavis Qubes Hungary Kft. [1]	HUF	Hungary	100	-
10	Polcom Investment VI Sp. z o. o.	PLN	Poland	100	100
11	CHM1 Sp. z o. o.	PLN	Poland	100	100
12	CHM2 Sp. z o. o.	PLN	Poland	100	100
13	HB Reavis Investments Poland Sp. Z o.o.	PLN	Poland	100	100
14	Polcom Investment XVIII Sp. z o.o. [1]	PLN	Poland	100	-
15	HB Reavis Investments Slovakia s. r. o.	EUR	Slovakia	100	100
16	Nivy Tower s. r. o. [1]	EUR	Slovakia	100	-

[1] *Entities acquired by the Group during the year ended 31 December 2022*

Business combinations. The acquisition method of accounting is used to account for the acquisition of subsidiaries that represent a business, except those acquired from parties under common control. A business is defined as an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors or lower costs or other economic benefits directly and proportionately to policyholders or participants. A business generally consists of inputs, processes applied to those inputs, and resulting outputs that are, or will be, used to generate revenues. If goodwill is present in a transferred set of activities and assets, the transferred set is presumed to be a business.

2 Significant Accounting Policies (Continued)

2.2 Consolidated financial statement (Continued)

In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a ‘concentration test’ that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt are deducted from its carrying amount and all other transaction costs associated with the acquisition are expensed.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. An acquirer does not recognise contingent assets acquired in a business combination.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount (“negative goodwill”) is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed, and reviews appropriateness of their measurement.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Group. Non-controlling interest forms a separate component of the Group’s equity. At acquisition date, the Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group’s policies.

Acquisitions of subsidiaries holding investment properties. The Group may invest in subsidiaries that hold properties but do not constitute a business. These transactions are therefore treated as asset acquisitions rather than business combinations. The Group allocates the cost of the acquisition to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. These transactions do not give rise to goodwill.

Acquisition of subsidiaries from parties under common control. Pooling of interest method. Acquisition of subsidiaries from parties under common control are accounted for using the predecessor values method. The assets and liabilities of the subsidiary transferred under common control are at the predecessor entity’s carrying amounts. The predecessor entity is considered to be the highest reporting entity in which the subsidiary’s IFRS financial information was consolidated. Related goodwill inherent in the predecessor entity’s original acquisitions is also recorded in these consolidated financial statements. Any difference between the carrying amount of net assets, including the predecessor entity's goodwill, and the consideration for the acquisition is accounted for in these consolidated financial statements as an adjustment within retained earnings. The Group opted for prospective approach when using pooling of interest method, i.e. acquirees are consolidated from the acquisition date of each subsidiary with no adjustment or restatement of periods prior to the date that control is obtained.

Disposals of subsidiaries. When the Group ceases to have control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI. Any resulting gain or loss is recognised in profit or loss. Any retained interest in the entity is remeasured to its fair value, when control is lost. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are recycled to profit or loss.

2 Significant Accounting Policies (Continued)

2.3 Foreign Currency Transactions and Translation

Functional and presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of all the Group's entities is their local currency, except bonds issuance entities that are considered an extension of the Company and therefore have EUR as their functional currency. The consolidated financial statements are presented in millions of euro (EUR), which is the Group's presentation currency.

Transactions and balances. Foreign currency transactions are translated into the functional currency using the exchange rates according to the local accounting requirements (exchange rates prevailing at the dates of the transactions or using weighted average method). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items measured at fair value in a foreign currency, including properties or equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

Group companies. The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from EUR are translated as follows:

- assets and liabilities for each balance sheet date are translated at the closing rates at the date of that financial position.
- income and expenses and movements in equity are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expense are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Loans between Group entities and related foreign exchange gains or losses are eliminated upon consolidation. However, where the loan is between Group entities that have different functional currencies, the foreign exchange gain or loss cannot be eliminated in full and is recognized in the consolidated profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive (loss)/income.

When control over a foreign operation is lost, the previously recognised exchange differences on translation to a different presentation currency are reclassified from other comprehensive income to profit or loss for the year as part of the gain or loss on disposal. On partial disposal of a subsidiary without loss of control, the related portion of the accumulated currency translation differences is reclassified to non-controlling interest within equity.

2.4 Investment Property

Investment property is property held by the Group to earn rental income or for capital appreciation, or both and which is not occupied by the Group. Investment property includes assets under construction for future use as investment property.

Investment property comprises freehold commercial properties (offices) and leased land plots.

Investment property is initially valued at historical cost including related transaction costs. Costs include the works performed, the costs of staff directly related to technical supervision and project management on the basis of time spent up to the date of completion. After initial recognition at cost, the investment property, including property under construction or development for future use as investment property, is carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is based on transaction prices from active markets, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Valuation reports as of the balance sheet date are prepared by independent appraisers, who hold a recognized and relevant professional qualification and who have recent experience in valuation of property of similar location and category. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

2 Significant Accounting Policies (Continued)

2.4 Investment Property (Continued)

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognized as a liability, including lease liabilities in respect of land classified as investment property; others, including contingent rent payments or future capital expenditure, are not recognized in the consolidated financial statements. Transaction costs, such as estimated agency and legal and accounting fees and transfer taxes are not deducted for the purposes of valuation of investment property in these consolidated financial statements irrespective whether or not they form part of the described valuations.

Subsequent expenditures are capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with these expenditures will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed to the profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property. Changes in fair values are recorded in profit or loss as "Revaluation gain/(loss) on investment properties". Investment properties are derecognised when they have been disposed of or classified as Assets held for sale.

If an item of property, plant and equipment becomes an investment property because its use has changed, any revaluation gain resulting from a difference between the carrying amount and the fair value of this item at the date of transfer is recognized in other comprehensive income and accumulated in a revaluation reserve in equity, until the asset's disposal when the revaluation reserve is reclassified to retained earnings.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as investment property and stated at fair value.

2.5 Restricted cash

Cash and cash equivalents that are held for a specific purpose thus not available for immediate or general use by the Group. Restricted cash does not include cash in hand, deposits held at call with banks and other short- term highly liquid investments with original maturities of three months or less.
Restricted cash results from the agreements with banks or tenants and usually represents cash held on debt service reserve accounts, tenant's security reserve accounts and utilisation accounts.

2.6 Financial Instruments

***Initial recognition*.** Financial instruments at fair value through profit and loss ("FVTPL") are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs, except trade receivables which are recognised at the transaction price. Fair value at initial recognition is best evidenced by the transaction price.

Financial assets - classification and subsequent measurement – measurement categories. The Group classifies financial assets in the following measurement categories: FVTPL, fair value through other comprehensive income ("FVOCI") and amortised cost ("AC"). The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. The Group's financial assets consist of receivables and loans, trade and other receivables and derivatives. Financial assets recognised in the consolidated statement of financial position as trade and other receivables and receivables and loans are recognised initially at fair value and subsequently measured at amortised cost less allowance for expected credit losses ("ECL"). Derivatives are measured at fair value at each end of the reporting period with changes in value recognised in profit or loss.

Financial assets - classification and subsequent measurement – business model. The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows") or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed and how the assets' performance is assessed.

2 Significant Accounting Policies (Continued)

2.6 Financial Instruments (Continued)

Debt financial assets - Classification and subsequent measurement – cash flow characteristics. Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

Financial assets – reclassification. Debt financial assets are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The entity did not change its business model during the current and comparative period and did not make any reclassifications.

Financial assets impairment – credit loss allowance for ECL (expected credit losses). The Group assesses, on a forward-looking basis, the ECL for financial instruments measured at amortised cost and FVOCI and for the exposures arising from loan commitments, financial guarantee contracts and for contract assets. The Group measures ECL and recognises Net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Financial instruments measured at amortised cost and contract assets are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, if any, a separate provision for ECL is recognised as a liability in the consolidated statement of financial position. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in other comprehensive income ("OCI") as gains less losses on debt instruments at FVOCI.

The Group applies a simplified ECL model to trade and similar receivables with the term shorter than 12 months. For such receivables, the ECL is calculated on a lifetime basis from initial recognition and the assessment of significant credit risk does not apply. The Group applies a provision matrix approach, as described in the policy for Trade receivables (Note 10). The simplified ECL model and the provision matrix are also applied to trade receivables with the contractual term longer than 12 months.

Financial assets - write-off. Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets – derecognition. The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Cash and cash equivalents. Cash and cash equivalents include cash in hand, deposits held at call with banks and other short- term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Trade and other receivables. Trade and other receivables are recognised initially at transaction price and are subsequently carried at amortised costs.

The Group calculates ECL on trade receivables using a provision matrix estimation technique. The Group uses its historic credit loss experience adjusted for all reasonable and supportable information that is available without undue cost or effort for trade and other receivables to estimate ECL. The ECL amount determined using historical loss rates which are adjusted for forward-looking information and applied to different time buckets of receivables.

Derivative financial instruments. Derivative financial instruments are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year. The Group does not apply hedge accounting.

Recognition of the derivative financial instruments takes place when the economic contracts are entered into. They are measured initially and subsequently at fair value; transaction costs are included directly in finance costs.

2 Significant Accounting Policies (Continued)

2.6 Financial Instruments (Continued)

Certain derivative instruments embedded in financial liabilities and other non-financial contracts are treated as separate derivative instruments when their risks and characteristics are not closely related to those of the host contract.

Financial liabilities – measurement categories. Financial liabilities are classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Financial liabilities – derecognition. Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

Loans and borrowings. All loans and borrowings are measured at amortised cost. Initial recognition is at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method (see Note 2.11 for the accounting policy on Borrowings).

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest-bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted as its impact would be insignificant.

2.7 Lease liabilities

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present values of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using lessee’s incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of various nature.

2 Significant Accounting Policies (Continued)

2.7 Lease Liabilities (Continued)

Operating lease. Where the Group is a lessor in a lease which does not transfer substantially all the risks and rewards incidental to ownership to the lessee (i.e. operating lease), lease payments from operating leases are recognised as other income on a straight-line basis. Operating lease receivables are subject to ECL model. The Group calculates ECL on operating lease receivables using a provision matrix estimation technique.

2.8 Current and Deferred Income Taxes

Income taxes have been provided for in the consolidated financial statements in accordance with applicable legislation enacted or substantively enacted by the financial position date and on an entity by entity basis. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss unless it relates to transactions that are recognised, in the same or a different period, directly in equity or in other comprehensive income.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forward and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit or loss. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the respective reporting period and are expected to apply to the period when the temporary differences will reverse or the tax losses carry forward will be utilised. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

The carrying value of Group's investment property is assumed to be realised by sale. The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the consolidated statement of financial position regardless of whether the Group would structure the sale via the disposal of the subsidiary holding the asset to which a different tax rate may apply. The deferred tax is then calculated based on the respective temporary differences and tax considerations arising from recovery through sale.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.9 Share Capital and Share Premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Share premium account includes capital contributions without issue of shares by means of an "account 115 contribution" which is a freely distributable reserve.

2.10 Dividends and Other Distributions to Owners

Dividends and other distributions to owners are recognised as a liability and deducted from equity (retained earnings or share premium account) at the balance sheet date only if they are declared before or at the end of the reporting period. Dividends or other distributions to owners are disclosed when they are declared after the reporting period but before the consolidated financial statements are authorised for issue.

2.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. After initial recognition, borrowings are carried at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss using the effective interest method. The Group does not capitalise interest related to qualifying assets that are carried at fair value, including investment properties. Accordingly, interest costs on borrowings are expensed as incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2 Significant Accounting Policies (Continued)

2.12 Trade and Other Payables

Trade payables are accrued when the counterparty performed its obligations under the contract. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Provisions for Liabilities and Charges

Provisions for liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Where the Group expects 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.

2.14 Uncertain Tax Positions

The Group's uncertain tax positions are reassessed by management at every balance sheet date. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the balance sheet date and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the balance sheet date.

2.15 Revenue Recognition

Revenue is income arising in the course of the Group's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties.

- Rental and similar income from investment property
- Construction revenues and
- Revenues from other services.

Rental and similar income from investment property includes rental income from operating leases, service charges and management charges from properties.

Rental income is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income. This applies to discounted rent periods and stepped rents. The resulting receivable is recognised within non–current assets or trade and other receivables depending on expected collection pattern. In determining the fair value of the related investment property, the Group does not double-count assets; the fair value of such investment property excludes accrued operating lease income because it is recognised as a separate asset. The contingent payments under lease agreements depending on the agreed level of sales turnover of tenants are recognized as income in the period when earned because the Group is unable to reliably estimate the future sales turnover of tenants in order to be able to recognise such expected contingent rents on a straight-line basis over the lease term.

Sales of services, service charges and management charges are recognised in the reporting period in which the services are rendered. Sales are shown net of VAT and discounts. When the Group is acting as an agent, the commission rather than gross income is recorded as revenue.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

In addition to development and construction of investment property the Group is from time to time engaged in construction of properties under both long-term and short-term contracts with customers. Under the terms of the long-term contracts, the Group is usually contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done. Revenue from construction of properties is therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations. In case of short-term contracts with customers the Group performs the analysis of agreed conditions and revenue is recognized either over time or at a point in time when the subject of contract is delivered.

2 Significant Accounting Policies (Continued)

2.15 Revenue Recognition (Continued)

The Group becomes entitled to invoice customers for construction of properties based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. It is presumed that there is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is always less than one year.

Interest income is recognised on a time-proportion basis using the effective interest method.

2.16 Employee Benefits

Wages, salaries, contributions to the state and private pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and kindergarten services) are accrued in the year in which the associated services are rendered by the employees of the Group.

Certain senior managers are entitled to obtain payments from the Group's shareholders based on the net asset value of the Group. As the obligation was incurred by shareholders and not by the Group, and is unrelated to the entity's share price, the Group did not recognise these employee benefits as its expenses in profit or loss.

2.17 Other Operating Expenses

Expenses include marketing, rental expenses, legal, accounting, auditing and other professional fees. They are recognised in profit or loss in the period in which they are incurred (on an accruals basis).

2.18 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined that its chief operating decision-maker is the Board of Directors of the Company.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

***Valuation of investment properties**.* The fair value estimates of 99.95% of investment properties (31 December 2021: 99.95%) were determined by the Group having received valuation advice from international valuation companies which have experience in valuing properties of similar location and characteristics. The remaining properties were valued on a basis of broker quotes or management estimates (which are based on letter of intent purchase price submitted by prospective bidders). The fair value of investment properties is estimated based on the income capitalisation method (hardcore layer method), where the value is estimated from the expected future benefits to be generated by the property in the form of rental income streams. The method considers net income generated by existing or comparable property, capitalised to determine the value for property which is subject to the valuation. The principal assumptions underlying the estimation of the fair value are those related to: the receipt of contractual rentals; expected future market rentals; void periods; re-letting incentives; maintenance requirements; appropriate discount rates, capitalisation rates (yields); and in case of properties under development, future construction costs, finance and letting costs and market developers' profits. These valuations are regularly compared to actual market data and actual transactions by the Group and those reported by the market. For further details refer to Note 26.

Income taxes. The Group is subject to income taxes in different jurisdictions. Significant estimates are required in determining the provision for income taxes, in particular in the area of transfer pricing. There are some transactions and calculations for which the ultimate tax determination is uncertain, therefore tax liability is recognised for exposures deemed probable. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The calculation of deferred tax on investment properties is not based on the fact that they might be realised through a share deal but through an asset deal. As a result of the Group's structure, the potential capital gain may be exempted from any tax in case of share deal if certain conditions are met and hence the accumulated deferred tax liabilities may result in a higher gain on disposal in case of share sale depending on the outcome of negotiations with future buyers.

Initial recognition of related party transactions. In the normal course of business, the Group enters into transactions with its related parties. IFRS 9 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses. Terms and conditions of related party balances are disclosed in Note 7.

Expected credit losses (ECL) measurement. Measurement of ECL is a significant estimate that involves determination methodology, models and data inputs. Details of ECL measurement methodology are disclosed in Note 24.

In line with IFRS 9 the Group use practical expedient for trade and other receivables and calculates ECL using a provision matrix based on its historical credit loss experience adjusted for all reasonable and supportable information that is available without undue cost or effort.

Lease term. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of offices, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate) the lease.

Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Estimates used for fair value of derivatives are described in Note 26.

4 Adoption of New or Revised Standards and Interpretations

The group has applied the following standards and amendments for the first time for the financial year beginning at 1 January 2022:

- Amendments to IFRS 3: Reference to the Conceptual Framework (issued on 14 May 2020 and effective for annual reporting periods beginning on or after 1 January 2022)
- Amendments to IAS 16: Property, Plant and Equipment — Proceeds before Intended Use (issued on 14 May 2020 and effective for annual reporting periods beginning on or after 1 January 2022)
- Amendments to IAS 37: Onerous Contracts — Cost of Fulfilling a Contract (issued on 14 May 2020 and effective for annual reporting periods beginning on or after 1 January 2022)
- Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41: Annual Improvements to IFRS Standards 2018–2020 (issued on 14 May 2020 and effective for annual reporting periods beginning on or after 1 January 2022)
- Amendment to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021 and effective for annual reporting periods beginning on or after 1 April 2021)

The above standards and amendments had not any material impact on the Group's consolidated financial statements.

5 New Accounting Pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for reporting period commencing on 1 January 2022 and have not been early adopted by the Group:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-Current – Deferral of Effective Date* (issued on 23 January 2020 and 15 July 2020 respectively and effective for annual periods beginning on or after 1 January 2024)
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies (issued on 12 February 2021 and effective for annual reporting periods beginning on or after 1 January 2023)
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual reporting periods beginning on or after 1 January 2023)
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021 and effective for annual reporting periods beginning on or after 1 January 2023)
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual reporting periods beginning on or after 1 January 2024)
- Amendments to IAS 1: Non-current Liabilities with Covenants (issued on 31 October 2022 and effective for annual reporting periods beginning on or after 1 January 2023)

* These new standards, amendments and interpretations have not been endorsed by the European union yet.

Unless otherwise described above, the new standards and interpretations are not expected to significantly affect the Group's consolidated financial statements.

6 Segment Analysis

Segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The functions of CODM are performed by the Board of Directors of the Company.

(a) Description of reportable segments of the Group

All significant business activities that earn revenue or incur expenses of the Group are performed in asset management segment. All Group's assets also belong to this segment. Therefore, CODM does not review performance based on operational segments but based on geographical areas.

(b) Factors that management used to identify the reportable segments

The Group's segments are geographical areas which are managed separately because each country requires different skill sets, product and market, procurement, and human resource strategies.

Segment financial information reviewed by the Board of Directors includes rental and similar income from Asset Management business less directly attributable costs associated with properties that equal to Net Operating Income (NOI). The Board of Directors also reviews the change in fair value of properties.

6 Segment Analysis (Continued)

(c) Measurement of operating segment profit or loss, assets and liabilities

The Board reviews financial information prepared based on International Financial Reporting Standards as adopted by the European Union. The Board evaluates performance of each segment based on profit before tax and net assets value. The Group allocates costs to segments based on specific identification of entities that belong to particular segments. Direct operating expenses arising from investment property are allocated on a basis of appropriate cost driver (e.g. MWh of electricity spent for electricity related costs). Transactions of the subsidiaries are allocated to relevant segment based on the substance of the transactions (e.g. expenses of subsidiary that supply utilities to other subsidiaries are allocated to segment for which the utility was purchased) unless it is not possible to allocate them to explicit segment category and they remain unallocated.

Information presented in segment analysis should be read in conjunction with the Note 16 Business combination that provides more information on the time schedule of underlying business combinations in 2021 and 2022.

6 Segment Analysis (Continued)

Geographical information. Revenue, expenses and assets analysed by country for the year ended 31 December 2022 are as follows:

In millions of EUR	Note	Poland	Hungary	Germany	UK	Slovakia	Luxembourg	Cyprus	Total
Rental income	17	30.0	1.9	-	5.3	2.8	-	-	**40.0**
Service charges	17	4.8	0.3	-	1.9	0.5	-	-	**7.5**
Management charges	17	0.3	1.6	0.8	-	0.3	-	-	**3.0**
Direct operating expenses	18	(7.6)	(2.8)	-	(1.1)	(1.1)	-	-	**(12.6)**
Net operating income/(loss) from investment properties		**27.5**	**1.0**	**0.8**	**6.1**	**2.5**	**-**	**-**	**37.9**
Revaluation gain/(loss) on investment property	8	1.7	2.9	-	(32.8)	(0.2)	-	-	**(28.4)**
Revenue from construction contracts and other services	19	10.2	0.1	-	-	5.5	-	-	**15.8**
Construction contract costs	19	(9.2)	-	-	-	-	-	-	**(9.2)**
Interest expense		(16.0)	(0.5)	-	(3.3)	(0.7)	(2.4)	-	**(22.9)**
Other (expenses)/revenues		9.2	2	(0.6)	(1.2)	(8.8)	(0.5)	(2.4)	**(2.3)**
Profit/(loss) before tax		**23.4**	**5.5**	**0.2**	**(31.2)**	**(1.7)**	**(2.9)**	**(2.4)**	**(9.1)**
Investment property in use or vacant	8	1,022.6	271,5	384.4	233.1	112.6	-	-	**2,024.2**
Investment property under development	8	-	-	-	-	-	-	-	**-**
Receivables and loans	9	31.7	9.8	9.6	10.8	2.5	-	-	64.4
Other non-current assets		-	0.5	-	-	1.0	-	-	**1.5**
Total non-current assets		**1,054.3**	**281.8**	**394.0**	**243.9**	**116.1**	**-**	**-**	**2,090.1**
Restricted cash	11	22.2	13.7	13.2	1.4	-	-	-	**50.5**
Cash and cash equivalents	12	8.8	5.4	1.8	0.8	3.9	0.3	0.1	**21.1**
Derivatives and other financial assets	24	40.4	13.5	-	-	-	-	-	**53.9**
Trade and other receivables including Other assets	10	20.1	5.7	3.9	3.2	3.8	-	-	**36.7**
Total current assets		**91.5**	**38.3**	**18.9**	**5.4**	**7.7**	**0.3**	**0.1**	**162.2**
Total assets		**1,145.8**	**320.1**	**412.9**	**249.3**	**123.8**	**0.3**	**0.1**	**2,252.3**

6 Segment Analysis (Continued)

Geographical information. Liabilities and capital expenditures analysed by country for the year ended 31 December 2022 are as follows:

In millions of EUR	Note	Poland	Hungary	Germany	UK	Slovakia	Luxembourg	Cyprus	Total
Borrowings	14								
- non-current		(281.5)	(170.0)	(276.0)	(155.4)	(54.6)	(49.8)	-	**(987.3)**
- current		(214.3)	(9.6)	(2.6)	(0.4)	(1.9)	(50.2)	-	**(279.0)**
Leasing	14								
- non-current		(11.3)	-	-	-	(1.0)	-	-	**(12.3)**
- current		(0.7)	-	-	-	(0.3)	-	-	**(1.0)**
Trade and other payables	15								
- non-current		(6.3)	(4.6)	(0.2)	(0.9)	(0.7)	-	-	**(12.7)**
- current		(33.0)	(12.7)	(6.7)	(4.8)	(4.4)	(141.5)	(8.8)	**(211.9)**
Deferred income tax liability	22	(74.0)	-	(27.3)	(22.3)	(8.9)	-	-	**(132.5)**
Total liabilities		**(621.1)**	**(196.9)**	**(312.8)**	**(183.8)**	**(71.8)**	**(241.5)**	**(8.8)**	**(1,636.7)**
Net asset value		**524.7**	**123.2**	**100.1**	**65.5**	**52.0**	**(241.2)**	**(8.7)**	**615.6**
Acquired through business combination	8	248.7	268.9	384.4	272.2	112.0	-	0.0	**1,286.2**
Construction costs related to investment property	8	59.6	-	-	1.2	0.1	-	0	**60.9**
Construction costs related to construction work		9.2	-	-	-	-	-	-	**9.2**
Total investments		**317.5**	**268.9**	**384.4**	**273.4**	**112.1**	**-**	**-**	**1,356.3**

6 Segment Analysis (Continued)

Geographical information. Revenue, expenses and assets analysed by country for the unaudited period from 31 May 2021 to 31 December 2021 are as follows:

In millions of EUR	**Note**	**Poland**	**Hungary**	**Germany**	**UK**	**Slovakia**	**Luxembourg**	**Cyprus**	**Total**
Other operating expenses		(0.1)	-	-	-	-	(0.9)	-	**(1.0)**
Loss before tax		**(0.1)**	**-**	**-**	**-**	**-**	**(0.9)**	**-**	**(1.0)**
Investment property in use or vacant	8	403.6	-	-	-	0.8	-	-	**404.4**
Investment property under development	8	321.4	-	-	-	-	-	-	**321.4**
Receivables and loans	9	15.7	-	-	-	-	-	-	**15.7**
Other non-current assets		-	-	-	-	0.7	-	-	**0.7**
Total non-current assets		**740.7**	**-**	**-**	**-**	**1.5**	**-**	**-**	**742.2**
Restricted cash	11	7.2	-	-	-	-	-	-	**7.2**
Cash and cash equivalents	12	34.4	-	-	-	0.5	0.1	0.1	**35.1**
Derivatives and other financial assets	24	2.1							**2.1**
Trade and other receivables including Other assets	10	7.5	-	-	-	0.2	0.1	-	**7.8**
Total current assets		**51.2**	**-**	**-**	**-**	**0.7**	**0.2**	**0.1**	**52.2**
Total assets		**791.9**	**-**	**-**	**-**	**2.2**	**0.2**	**0.1**	**794.4**

6 Segment Analysis (Continued)

Geographical information. Liabilities and capital expenditures analysed by country for the unaudited period from 31 May 2021 to 31 December 2021 are as follows:

In millions of EUR	**Note**	**Poland**	**Hungary**	**Germany**	**UK**	**Slovakia**	**Luxembourg**	**Cyprus**	**Total**
Borrowings	14								
- non-current		(304.2)	-	-	-	-	-	-	**(304.2)**
- current		(7.0)	-	-	-	-	-	-	**(7.0)**
Leasing	14								
- non-current		(6.3)	-	-	-	(1.0)	-	-	**(7.3)**
- current		(0.4)	-	-	-	(0.1)	-	-	**(0.5)**
Trade and other payables	15								
- non-current		(2.3)	-	-	-	-	-	-	**(2.3)**
- current		(19.8)				(0.5)	(0.7)	-	**(21.0)**
Deferred income tax liability	22	(60.0)	-	-	-	-	-	-	**(60.0)**
Total liabilities		**(401.4)**	**-**	**-**	**-**	**(1.6)**	**(0.7)**	**-**	**(402.3)**
Net asset value		**391.9**	**-**	**-**	**-**	**0.6**	**(0.5)**	**0.1**	**392.1**
Acquired through business combination	8	725.0	-	-	-	0.8	-	-	**725.8**
Total investments		**725.0**	**-**	**-**	**-**	**0.8**	**-**	**-**	**725.8**

7 Balances and Transactions with Related Parties

Related parties are defined in IAS 24, Related Party Disclosures.

The Company's immediate parent and ultimate controlling party are disclosed in Note 1. Transactions are generally entered into on an arm's length basis.

Key management of the Group consists of 15 senior managers (2021: 4). Short-term bonuses fall due wholly within twelve months after the end of the period in which management rendered the related services.

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding at 31 December 2022 are detailed below.

At 31 December 2022, the outstanding balances with related parties are as follows:

In millions of EUR	**Entities under common control**	**Key management personnel**	**Total**
Trade and other receivables (Note 10)	4.2	-	**4.2**
Other current assets	0.7	-	**0.7**
Borrowings current (Note 14)	(52.9)	-	**(52.9)**
Lease liabilities current	(0.2)	-	**(0.2)**
Lease liabilities non-current	(0.7)	-	**(0.7)**
Distribution to owners payables (Note 13)	(30.0)	-	**(30.0)**
Liabilities resulting from business combination (Note 16)	(110.9)	-	**(110.9)**
Trade and other payables current (Note 15)	(43.9)	-	**(43.9)**
Trade and other payables non – current (Note 15)	-	(0.1)	**(0.1)**

The income and expense items with related parties for the year ended 31 December 2022 are as follows:

In millions of EUR	**Entities under common control**	**Key management personnel**	**Total**
Revenue from construction and other services	6.9	-	**6.9**
Rental income	3.7	-	**3.7**
Direct operating expenses arising from investment property	(0.9)	-	**(0.9)**
Other operating expenses	(9.8)	-	**(9.8)**
Employee benefits	-	(1.6)	**(1.6)**
Construction expenses	(8.2)	-	**(8.2)**
Interest expense	(2.6)	-	**(2.6)**
Revaluation gain/(loss) on investment property	0.1	-	**0.1**

At 31 December 2021, the unaudited outstanding balances with related parties are as follows:

In millions of EUR	**Entities under common control**	**Key management personnel**	**Total**
Trade and other receivables (Note 10)	0.1	-	**0.1**
Borrowings non – current (Note 14)	(50.0)	-	**(50.0)**
Trade and other payables current (Note 15)	(16.3)	-	**(16.3)**

7 Balances and Transactions with Related Parties (Continued)

The income and expense items with related parties for the unaudited period from 31 May 2021 to 31 December 2021 are as follows:

In millions of EUR	**Entities under common control**	**Key management personnel**	**Total**
Other operating expense	0.1	-	**0.1**

The compensation of the Board of Directors of the Company amounted to EUR 1.6 million in 2022 (2021 EUR nil).

The Group had no outstanding loans receivable from the members of the Board of Directors of the Group as at 31 December 2022 (2021: nil).

8 Investment Property

	Year ended 31 December 2022					**Year ended 31 December 2021 Unaudited**				
	Under development		**In use or vacant**		**Total**	**Under development**		**In use or vacant**		**Total**
In millions of EUR	**Owned**	**Leased**	**Owned**	**Leased**		**Owned**	**Leased**	**Owned**	**Leased**	
Fair value at 1 January	**320.3**	**1.1**	**398.3**	**6.1**	**725.8**	**-**	**-**	**-**	**-**	**-**
Acquired through business combination	-	5.6	1,280.6	-	**1,286.2**	320.3	1.1	398.3	6.1	**725.8**
Subsequent expenditure on investment property	34.8	-	26.1	-	**60.9**	-	-	-	-	**-**
Transfers from under development to in use	(362.7)	(6.6)	362.7	6.6	**-**	-	-	-	-	**-**
Fair value gains/(losses) – properties completed during the year**	13.3	-	-	-	**13.3**	-	-	-	-	**-**
Fair value gains/(losses)**	-	(0.1)	(41.5)	(0.1)	**(41.7)**	-	-	-	-	**-**
Effect of translation to presentation currency**	(5.7)	-	(14.6)	-	**(20.3)**	-	-	-	-	**-**
Fair value at 31 December	**-**	**-**	**2,011.6**	**12.6**	**2,024.2**	**320.3**	**1.1**	**398.3**	**6.1**	**725.8**

** As of 31 December 2022, the investment property portfolio of the Group with fair value of EUR 1,527.1 million or 75% of total investment property of the Group as of that date (2021: EUR 725.0 million or 99.9% of total investment property of the Group) - see also Note 6 Segmental Analysis – Geographical Information, was based in the United Kingdom, Poland and Hungary. The functional currency of the Group's subsidiaries which own such investment properties is GBP, PLN and HUF respectively. The appreciation in fair value of these properties expressed in the local functional currencies is presented above as a fair value gain. The effects of appreciation and depreciation of the local functional currencies compared to EUR is presented above as effect of translation from functional to presentation currency.

The Group classified certain leases as investment properties. The carrying value of such investment property as of 31 December 2022 was EUR 12.6 million (2021: EUR 7.2 million).

At 31 December 2022, investment properties carried at EUR 2,010.6 million (at 31 December 2021: EUR 718.1 million) have been pledged to third parties as collateral with respect to borrowings.

8 Investment Property (Continued)

Valuations obtained for investment properties were adjusted for the purpose of the consolidated financial statements to avoid double-counting of assets or liabilities that are recognised as separate assets and liabilities and with respect to non-binding offers, results of prospective purchaser due diligence and other factors. Reconciliation between the valuations obtained and the adjusted valuation included in the consolidated financial statements is as follows:

In millions of EUR	Note	31 December 2022	31 December 2021 Unaudited
Valuations obtained		**2,076.0**	**734.1**
Add: right-of-use assets classified as investment property		12.6	7.4
Less: lease incentive receivables	9(a)	(64.4)	(15.7)
Less: transfers to disposal groups classified as held for sale		-	-
Less: management adjustments to consider subsequent non binding offers, results of prospective purchaser due diligence and other factors		-	-
Less: Foreign currency adjustments on lease incentive receivables		-	-
Fair value at 31 December		**2,024.2**	**725.8**

9 Receivables and Loans

In millions of EUR	Note	31 December 2022	31 December 2021 Unaudited
Lease incentives receivables	(a)	64.4	15.7
Total receivables and loans		**64.4**	**15.7**

Description and analysis by credit quality of receivables and loans is as follows:

(a) Lease incentive receivables of EUR 64.4 million (31 December 2021: EUR 15.7 million) represent cost of incentives recognised over the lease term, on a straight-line basis. These receivables are neither past due nor impaired. They are not secured and they are due from a wide variety of tenants and the Group has the ability to evict non-paying tenants.

10 Trade and Other Receivables

In millions of EUR	Note	31 December 2022	31 December 2021 Unaudited
Trade receivables		12.9	1.0
Accrued rental income		7.1	0.1
Trade and other receivables from related parties	7	4.2	0.1
Less expected credit loss allowance for trade receivables		(0.4)	-
Total financial assets / receivables		**23.8**	**1.2**
VAT receivable		11.1	6.1
Prepayments		0.3	-
Total trade and other receivables		**35.2**	**7.3**

10 Trade and Other Receivables (Continued)

The expected credit loss allowance for trade receivables and accrued rental income is determined according to provision matrix presented in the table below.

	31 December 2022				**31 December 2021 Unaudited**			
In thousands of EUR	**Loss rate**	**Gross carrying amount**	**ECL**	**Net carrying amount**	**Loss rate**	**Gross carrying amount**	**ECL**	**Net carrying amount**
Trade and other receivables and accrued rental income								
- current	0.25%	15.5	-	15.5	0.25%	0.9	-	0.9
- less than 30 days overdue	2.5%	2.7	0.1	2.6	2.5%	0.2	-	0.2
- 30 to 90 days overdue	5.0%	0.8	-	0.8	5.0%	0.1	-	0.1
- 91 to 180 days overdue	10.0%	0.4	-	0.4	10.0%	-	-	-
- 181 to 360 days overdue	15.0%	0.3	0.1	0.2	25.0%	-	-	-
- over 360 days overdue	70.0%	0.3	0.2	0.1	70.0%	-	-	-
Total		**20.0**	**0.4**	**19.6**		**1.2**	**-**	**1.2**
Trade and other receivables and accrued rental income with related parties								
- current	0.25%	2.8	-	2.8	0.25%	-	-	-
- less than 30 days overdue	2.5%	1.0	-	1.0	2.5%	-	-	-
- 30 to 90 days overdue	5.0%	0.1	-	0.1	5.0%	-	-	-
- 91 to 180 days overdue	10.0%	0.1	-	0.1	10.0%	-	-	-
- 181 to 360 days overdue	15.0%	0.2	-	0.2	25.0%	-	-	-
- over 360 days overdue	70.0%	-	-	-	70.0%	-	-	-
Total		**4.2**		**4.2**		**-**		**-**
Total financial assets				**23.8**				**1.2**

The primary factor that the Group considers in determining whether a receivable is impaired is its overdue status. As a result, the Group presents above an ageing analysis of trade and other receivables. Certain trade receivables are secured by either bank guarantee or deposit. The unsecured trade receivables are from a wide variety of tenants and the Group has the ability to evict non-paying tenants.

The carrying amount of each class of trade and other receivables approximated their fair value.

The following table explains the changes in the credit loss allowance for trade and other receivables under simplified ECL model between the beginning and the end of the annual financial reporting period:

In millions of EUR	**2022**	**2021 Unaudited**
Expected credit loss allowance at 1 January	**-**	**-**
Expected credit loss charge to profit or loss for the period	0.4	-
Expected credit loss allowance at 31 December	**0.4**	**-**

11 Restricted Cash

Restricted cash is cash and cash equivalents that are held for a specific purpose thus not available for immediate or general use by the Group. At 31 December 2022, restricted cash balance consists of the following:

In millions of EUR	**31 December 2022**	**31 December 2021 Unaudited**
Utilisation accounts	23.8	1.1
Debt service reserve accounts	10.2	6.0
Tenant security deposits	16.1	0.1
Other	0.4	-
Total restricted cash	**50.5**	**7.2**

Debt service reserve account. Cash deposit required to be held on blocked accounts in relation to the Group's development and investment facilities as a reserve to cover future debt service payments.

Tenant security deposit. Cash held at escrow accounts relating to tenancy deposits arising from leasing contracts, which the Group may use to satisfy overdue obligations of the tenant.

Utilisation accounts. Cash associated with previously drawn development facility. The balance will be released in parallel with progress in development.

Other. Cash deposits associated with tax returns/obligations, insurance proceeds, in each case with contractually limited rights to utilize without third party consent.

12 Cash and Cash Equivalents

In millions of EUR	**31 December 2022**	**31 December 2021 Unaudited**
Cash at bank and in hand	21.1	35.1
Total cash and cash equivalents	**21.1**	**35.1**

The table below discloses the credit quality of cash and cash equivalents balances based on credit risk grades at 31 December 2022. Refer to Note 24 for the description of the Group's credit risk grading system.

In millions of EUR	**31 December 2022**	**31 December 2021 Unaudited**
- Excellent	5.6	0.5
- Good	15.4	34.4
- Satisfactory	-	-
Total cash and cash equivalents, excluding cash on hand	**21.0**	**34.9**

The Company classifies banks based on ratings as follows:

- Banks rated Excellent: Rating by Moody's A1, A2, A3 or rating by Fitch A+, A, A-
- Banks rated Good: Rating by Moody's Baa1, Baa2, Baa3 or Fitch BBB+, BBB, BBB-
- Banks rated Satisfactory: Rating by Moody's Ba1, Ba2, Ba3 or Fitch BB+, BB, BB-

The carrying amounts of cash and cash equivalents as of 31 December 2022 and 31 December 2021 are not substantially different from their fair value. The maximum exposure to credit risk relating to cash and cash equivalents is limited to the carrying value of cash and cash equivalents.

13 Share Capital and Share Premium

	Number of shares	Ordinary shares in EUR	Share premium in EUR	Total in EUR
At 31 May 2021 (Unaudited)	30,000	30,000	-	**30,000**
At 31 December 2021 (Unaudited)	292,216,456	292,216,456	163,288,412	**455,504,868**
At 31 December 2022	363,544,341	363,544,341	377,904,809	**741,449,150**

As at 31 December 2022, the share capital of the Company is EUR 363,544,341 and consists of 363,544,341 shares with the nominal value of EUR 1.

On June 15, 2022, the 71,327,885 shares with a nominal value of EUR 1 were issued by HB Reavis Group BV for the subscription price in kind of 100% shares in Polcom Investment XVIII sp. z o.o.

As at 31 December 2022, the share premium of the Company is EUR 377,904,809.

During 2022, shareholder contributed share premium in amount of EUR 265,616,397, thereof:

- contribution in kind of transfer of interest in subsidiary Nivy Tower s.r.o. in amount of EUR 53,558,620;
- contribution in kind of interest in subsidiary HB REAVIS REAL ESTATE DEVELOPMENT FUND in amount of EUR 108,939,443;
- contribution in kind of receivables in amount of EUR 65,338,195 and
- contribution to share premium in amount of EUR 37,780,139.

As of 31 December 2021, the share capital of the Company is EUR 292,216,456 and consists of 30,000 shares issued at the date of incorporation and subscribed by HB Reavis Holding S.A. and 292,186,456 shares with the nominal value of EUR 1 issued to HB Reavis RE BV on December 23, 2021. The share capital issued to HB Reavis RE BV was settled by the contribution of 100% shares in 3 polish entities (POLCOM INVESTMENT VI Sp. z o.o., CHM 1 Sp. z o.o. and CHM 2 Sp. z o.o.).

During 2021 the shareholder contributed share premium in amount of EUR 163,288,412, out of which EUR 161,600,122 represented contribution in kind of receivables.

Distributions to owners declared and paid during the year were as follows:

In millions of EUR, except dividends per share amount	Note	2022	2021 Unaudited
Distributions to owners payable at 1 January	15	**-**	**-**
Distributions declared during the year (from share premium)		51.0	-
Distributions paid during the year		(21.0)	-
Distributions to owners payable at 31 December	15	**30.0**	**-**
Amount per share declared during the year in EUR		0.1	-

14 Borrowings and Lease liabilities

In millions of EUR	31 December 2022	31 December 2021 Unaudited
Non-current		
Bank borrowings	987.3	254.2
Borrowings from related parties	-	50.0
Lease liabilities	12.3	7.3
Total non-current borrowings and lease liabilities	**999.6**	**311.5**
Current		
Bank borrowings	226.1	7.0
Borrowings from related parties	52.9	-
Lease liabilities	1.0	0.5
Total current borrowings and lease liabilities	**280.0**	**7.5**
Total borrowings and lease liabilities	**1,279.6**	**319.0**

14 Borrowings and Lease liabilities (Continued)

The Group's borrowings are denominated in EUR or PLN. The table below sets out an analysis of our debt and the movements in our debt. The debt items are those that are reported as financing in the consolidated statement of cash flows.

In millions of EUR	**Bank borrowings**	**Borrowings from related parties**	**Lease liabilities**	**Total**
Borrowings and lease liabilities as presented in the consolidated statement of financial position as at 31 May 2021 (Unaudited)	**-**	**-**	**-**	**-**
Non-cash changes				
Acquired through business combination	261.2	50.0	7.8	**319.0**
Borrowings and lease liabilities as presented in the consolidated statement of financial position as at 31 December 2021	**261.2**	**50.0**	**7.8**	**319.0**
Total borrowings and lease liabilities as at 31 December 2021 (Unaudited)	**261.2**	**50.0**	**7.8**	**319.0**
Cash flows				
Proceeds from new drawdowns	186.7	-	0.7	**187.4**
Repayments	(9.5)	-	(0.3)	**(9.8)**
Non-cash changes				
Acquired through business combination	773.9	0.5	5.2	**779.6**
Foreign exchange adjustments	4.7	0.9	(0.1)	**5.5**
Change in accrued interest	9.0	2.4	-	**11.4**
Change in amortised transaction costs	(2.9)	-	-	**(2.9)**
Effect of translation to presentation currency	(9.7)	(0.9)	-	**(10.6)**
Total borrowings and lease liabilities as at 31 December 2022	**1,213.4**	**52.9**	**13.3**	**1,279.6**

The carrying amounts and fair values of the non-current borrowings are set out below:

	Carrying amounts at 31 December		**Fair values at 31 December**	
In millions of EUR	**2022**	**2021 Unaudited**	**2022**	**2021 Unaudited**
Bank borrowings	987.3	254.2	972.6	224.5
Borrowings from related parties	-	50.0	-	44.2
Non-current borrowings	**987.3**	**304.2**	**972.6**	**268.7**

14 Borrowings and Lease liabilities (Continued)

Assumptions used in determining fair value of borrowings are described in Note 26. The carrying values of current borrowings approximate their fair values. The fair value of lease liabilities would be affected by lease extension and termination options and it is thus not disclosed as allowed by IFRS 7 paragraph 29.
The Group has the following undrawn borrowing facilities:

In millions of EUR	**31 December 2022**	**31 December 2021 Unaudited**
Availability:		
- Expiring within one year	7.7	-
- Expiring beyond one year	106.1	85.0
Total undrawn facilities	**113.8**	**85.0**

Investment properties (Note 8) and receivables (Note 10) are pledged as collateral for borrowings of EUR 1,113.4 million (2021: EUR 261.1 million).

The loan agreements with third party creditors are governed by terms and conditions which include maximum loan to value ratios ranging from 65% to 80% (2021: 60% to 75%) and minimum debt service coverage ratios ranging from 1.15 to 1.2 (2021: 1.20 to 1.25). During 2022 and up to the date of authorisation of these consolidated financial statements for issue, the Group was in compliance with all loan agreement terms and no terms of the loans were renegotiated due to defaults or breaches. After 31 December 2022 and up to date of authorization of these consolidated financial statements, the Group repaid EUR 2.3 million of loans and drawn EUR 168.5 million of new loans (Note 28).

The Group recognized on its borrowings interest expense amounting to of EUR 22.6 million (2021: interest expense EUR nil).

15 Trade and Other Payables

In millions of EUR	**Note**	**31 December 2022**	**31 December 2021 Unaudited**
Non–current			
Other long-term payables		12.6	2.3
Long term payables to related parties	7	0.1	-
Total non-current payables		**12.7**	**2.3**
Current			
Trade and other payables to related parties	7	184.8	16.3
Accrued liabilities		7.3	2.1
Trade payables		5.8	1.0
Other payables		3.0	-
Total current financial payables		**200.9**	**19.4**
Items that are not financial instruments:			
Deferred rental income		6.1	1.1
Contract liability		2.3	0.3
Prepayments		1.3	-
Income tax payable		0.8	0.2
Accrued employee benefit costs		0.3	-
Other taxes payable		0.2	-
Total current trade and other payables		**211.9**	**21.0**

The fair value of trade payables, liabilities for construction of investment property, accrued liabilities, dividends payable, other trade payables to related parties and of other liabilities is not significantly different from their carrying amount.

16 Business Combination

In December 2021 the Group acquired 100% of the share capital of three Polish entities: Polcom Investment VI Sp. z o. o., CHM1 Sp. z o. o., CHM2 Sp. z o. o. and other service entities through an equity contribution from parent company.

In 2022 the Group acquired the following entities:

- ONE House S.à r.l. on May 31, 2022, based in the UK;
- Polcom Investment XVIII Sp. z o.o. on June 15, 2022, based in Poland;
- Nivy Tower s. r. o. on August 3, 2022, based in Slovakia;
- HB Reavis Qubes Hungary Kft. on November 8, 2022, based in Hungary;
- HB REAVIS REAL ESTATE DEVELOPMENT FUND on November 11, 2022, based in Hungary;
- UBX 2 Objekt Berlin S.à r.l. on December 15, 2022, based in Germany.

The assets and liabilities of the subsidiaries acquired were transferred to the Group at the predecessor entity's carrying amounts.

Details of the assets and liabilities acquired at 31 December 2022 and 31 December 2021 are as follows:

In millions of EUR	**31 December 2022**	**31 December 2021 Unaudited**
Investment property	1,286.2	725.8
Receivables and loans	25.1	15.7
Other non-current assets	-	0.7
Trade and other receivables due from third parties	76.9	7.3
Derivatives and other financial assets	13.0	2.1
Other assets	3.8	0.5
Cash and cash equivalents	14.7	35.0
Restricted cash	30.2	7.2
Borrowings LT	(759.6)	(304.2)
Trade and other payables LT	(8.2)	(2.3)
Deferred income tax liability	(72.4)	(60.0)
Lease liabilities LT	(4.9)	(7.3)
Borrowings ST	(14.8)	(7.0)
Trade and other payables ST	(103.4)	(20.3)
Lease liabilities ST	(0.3)	(0.5)
Carrying value of identifiable net assets of subsidiary	**486.3**	**392.7**
Amount recognized in retained earnings	56.3	62.4
Non-controlling interest	(12.4)	-
Equity contributions in kind of interests in subsidiaries	299.1	454.9
Outstanding liability	110.9	-
Cash and cash equivalents of subsidiary acquired	14.7	35.0
Less: cash paid in acquisition	120.3	0.2
(Outflow)/Inflow of cash and cash equivalents on acquisition	**(105.6)**	**34.8**

17 Rental and Similar Income from Investment Property

In millions of EUR	**1 January 2022 – 31 December 2022**	**31 May 2021 – 31 December 2021 Unaudited**
Rental income	40.0	-
Service charges	7.5	-
Management charges income	3.0	-
Total Rental and similar income from investment property	**50.5**	**-**

17 Rental and Similar Income from Investment Property (Continued)

Where the Group is the lessor, the future minimum lease payments receivable under operating leases over the lease term are as follows at 31 December 2022:

In millions of EUR	**1 January 2022 – 31 December 2022**	**31 May 2021 – 31 December 2021 Unaudited**
Not later than 1 year	59.2	15.7
Later than 1 year and not later than 2 years	80.2	18.9
Later than 2 years and not later than 3 years	89.4	23.4
Later than 3 years and not later than 4 years	88.9	24.7
Later than 4 years and not later than 5 years	131.1	21.9
Later than 5 years	419.0	190.6
Total operating lease payments receivable	**867.8**	**295.2**

18 Direct Operating Expenses arising from Investment Property

In millions of EUR	**1 January 2022 – 31 December 2022**	**31 May 2021 – 31 December 2021 Unaudited**
Direct operating expenses arising from investment property that generate rental income:		
Services relating to investment property	6.4	-
Utilities costs	4.3	-
Materials consumed	0.2	-
Repairs and maintenance services	0.1	-
Other costs	1.6	-
Total	**12.6**	**-**

19 Revenue from construction and other services, construction expenses

Revenues from construction contracts and other services comprised the following:

In millions of EUR	**1 January 2022 – 31 December 2022**	**31 May 2021 – 31 December 2021 Unaudited**
Revenue from construction and other services:		
Revenues from construction contracts	4.2	-
Fit out for tenants	5.5	-
Revenues from asset management	4.9	-
Sales of services	0.5	-
Sales of inventories	0.1	-
Other	0.6	-
Total revenue from construction and other services	**15.8**	**-**

Expenses arising from construction services comprised the following:

In millions of EUR	**1 January 2022 – 31 December 2022**	**31 May 2021 – 31 December 2021 Unaudited**
Construction contract costs:		
Construction expenses from related parties	5.0	-
Fit out for tenants	4.2	-
Total construction services	**9.2**	**-**

20 Other Operating Expenses

Other operating expenses comprised the following:

In millions of EUR	1 January 2022 – 31 December 2022	31 May 2021 – 31 December 2021 Unaudited
Services	11.9	1.0
Employee benefits	4.1	
Audit fees	0.1	-
Material and energy consumption	0.3	-
Cost of sold inventories	0.1	-
Net impairment losses on financial and contract assets	0.4	-
Other	0.9	-
Total other operating expenses	**17.8**	**1.0**

The following table summarizes audit fees incurred by the parent entity and its subsidiaries, billed by the principal approved audit firm, KPMG Audit S.à r.l. and other network firms of the principal approved audit firm for the audit of these consolidated financial statements:

	Fees billed by KPMG Audit S.à r.l.		Fees billed by other network firms		Total	
In millions of EUR	1 January 2022 – 31 December 2022	31 May 2021 – 31 December 2021 Unaudited	1 January 2022 – 31 December 2022	31 May 2021 – 31 December 2021 Unaudited	1 January 2022 – 31 December 2022	31 May 2021 – 31 December 2021 Unaudited
Audit fees	0.1	-	-	-	0.1	-
Audit-related fees	-	-	-	-	-	-
Tax fees	-	-	-	-	-	-
Other fees	-	-	-	-	-	-
Total audit fees	**0.1**	**-**	**-**	**-**	**0.1**	**-**

21 Foreign exchange gains/(losses)

In millions of EUR	1 January 2022 – 31 December 2022	31 May 2021 – 31 December 2021 Unaudited
Bank borrowings – unrealised	(5.6)	-
Inter-company loans to foreign operations that do not form part of net investment – unrealised	(2.4)	-
Lease liabilities	0.1	-
Trade and other receivables and payables – realised during the year	(0.4)	-
Trade and other receivables and payables – unrealised	0.7	-
Foreign exchange gain/(losses)	**(7.6)**	**-**

22 Income tax

Income tax expense comprises the following:

In millions of EUR	**1 January 2022 – 31 December 2022**	**31 May 2021 – 31 December 2021 Unaudited**
Current tax	(1.2)	-
Deferred tax	(1.7)	-
Income tax credit/(expense) for the period	**(2.9)**	**-**

Reconciliation between the expected and the actual taxation charge is provided below.

In millions of EUR	**1 January 2022 – 31 December 2022**	**31 May 2021 – 31 December 2021 Unaudited**
Profit/(loss) before income tax	**(9.1)**	**(1.0)**
Theoretical tax charge at applicable rate 19.0% (2021: 19.0%)	1.7	0.2
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Income/(Loss) not subject to taxation	1.1	(0.2)
- Non-temporary taxable items	(1.4)	-
- Change in estimate of prior period income taxes	0.5	-
- Unrecognised deferred tax assets from tax losses carried-forward	(1.8)	-
- Utilisation of previously unrecognised tax loss carry-forwards	2.4	-
- Effect of changes in UK income tax rate effective from 2023	(5.4)	-
Income tax credit/(expense) for the period	**(2.9)**	**-**

The Group uses 19.0% (2021: 19.0%) as the applicable tax rate to calculate its theoretical tax charge which is calculated as a weighted average of the rates applicable in the Slovak Republic of 21% (2021: 21%) Poland of 19% (2021: 19%), Hungary of 9% (2021: 9%), Germany of 16% (2021:16%) and the UK of 19% (2021: 19%) where majority of the Group's operations are located. Non-temporary taxable items contain mainly non-taxable foreign-exchange differences and interest expenses.

Differences between IFRS and applicable statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below.

In millions of EUR	**31 May 2021 Unaudited**	**Acquired through business combination**	**(Charged) / credited to profit or loss**	**31 Dec 2021 Unaudited**	**(Charged) /credited to profit or loss**	**Acquired through business combination**	**Currency translation difference**	**31 Dec 2022**
Tax effect of deductible/ (taxable) temporary differences								
Investment properties	**-**	(61.4)	-	**(61.4)**	(4.0)	(75.0)	1.6	**(138.8)**
Tax losses carried forward	**-**	1.3	-	**1.3**	2.3	2.6	-	**6.2**
Other	**-**	0.1	-	**0.1**	-	-	-	**0.1**
Net deferred tax (liability)	**-**	**(60.0)**	**-**	**(60.0)**	**(1.7)**	**(72.4)**	**(1.6)**	**(132.5)**

22 Income tax (Continued)

In the context of the Group's current structure, tax losses and current tax assets of different Group companies may not be offset against current tax liabilities and taxable profits of other Group companies. Accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity. Deferred tax liability and deferred tax asset presented in the Consolidated Statement of Financial Position at 31 December 2022 are based on the net position of all consolidated entities. Deferred tax asset and deferred tax liability presented in the table above show net position per each category of temporary differences and do not harmonise with the presentation according to legal entities. The Group expects that substantially all of the deferred tax liability will crystallise after more than 12 months from the balance sheet date. The Group did not recognise as at 31 December 2022 deferred tax asset in the amount of EUR 1.8 million resulting from tax losses for the year in amount of EUR 9.4 million due to high probability of inability to utilise these tax losses against sufficient taxable profit. Expiration of these tax losses is between years 2023-2027.

23 Contingencies, Commitments and Operating Risks

Tax legislation. Tax and customs legislation in countries where the Group operates is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant authorities. The Group includes holding companies incorporated in various jurisdictions. The tax liabilities of the Group are determined on the assumption that these holding companies are not subject to profits tax in other countries. This interpretation of relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group. Refer also to Note 3.

Capital expenditure commitments. Contractual obligations to purchase, construct or develop investment properties totalled EUR 45.0 million at 31 December 2022 (31 December 2021: EUR 45.5 million); this exposure will be partially financed by external loans (committed lines: EUR 113.8 million, 2021 EUR 84.4 million). The Group believes that future net income and funding will be sufficient to cover this and any similar such commitments.

24 Financial Risk Management

The risk management function within the Group is carried out in respect of financial risks: credit risk, market risk (including changes in foreign currency exchange rates, interest rate and price risk), liquidity risks, operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

(i) Credit risk

The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's rental income on credit terms and other transactions with counterparties giving rise to financial assets. The Group's maximum exposure to credit risk represents the carrying value of its financial assets in the consolidated statement of financial position.

The Group has no significant off-balance sheet exposures to credit risk as it did not issue financial guarantees nor loan commitments to other parties. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to counterparties or groups of counterparties. Limits on the level of credit risk are approved regularly by Management. Such risks are monitored on a revolving basis and subject to an annual review.

Management has additional policies in place to secure trade receivables from rental business. The Group uses system of required bank guarantees or financial deposits to secure its receivables from rental business based on the rating of tenant.

The Group's management reviews ageing analysis of outstanding trade receivables and follows up on past due balances. Management therefore considers it appropriate to provide ageing and other information about credit risk as disclosed in Note 10.

According to the general terms and conditions of contracts with its customers, the Group requires either a cash collateral or bank guarantee in favour of the Group to ensure its receivables are collectible. The amount guaranteed by cash collateral or a bank guarantee is assessed by the Group annually. The Group has a right of set-off of any balances overdue against the collateral or amount drawn under a bank guarantee.

Credit risks concentrations

As for the banks and financial institutions, Group has relationships only with those banks that have high independent rating assessment. The Group's bank deposits are held with 31 banks (2021: 8 banks) but 92.0% (2021: 100%) of cash balances as of 31 December 2022 are held with 10 (2021: 8) major banks. The Group's management considers the concentration of credit risk with respect to cash balances with banks as acceptable. The analysis by credit quality (bank rating) is provided in Note 12.

24 Financial Risk Management (Continued)

Expected credit loss (ECL) measurement

The Group uses expected credit loss ("ECL") measurement, which reflects the probability-weighted estimate of the present value of future expected credit losses. The Group applies a simplified approach to trade receivables, unbilled receivables from service charges and accrued rental income ("trade receivables") under IFRS 9 (including related party receivables), i.e. measures ECL using lifetime expected loss. The Group uses for the calculation of lifetime expected loss by applying a provision matrix that takes into account the ageing of trade receivables and trade receivables ultimately written off. Expected credit losses are modelled over receivables lifetime period.

Management models Lifetime ECL, that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. As for loans to other parties, 12-month ECL is recognised unless there is a significant increase in credit risk (SICR). 12-month ECL represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining lifetime period of the financial instrument if it is less than a year.

The ECLs that are estimated by management for the purposes of these financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes.

The estimates consider forward looking information, that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

Significant increase in credit risk (SICR)

The assessment whether or not there has been a significant increase in credit risk ("SICR") since initial recognition is performed on an individual basis and on a portfolio basis. For other receivables and other financial assets, SICR is assessed either on a portfolio basis or an individual basis, depending on the existence of scoring models. The criteria used to identify an SICR are monitored and reviewed periodically for appropriateness by the Group's Management.

The Group considers other receivables and other financial assets to have experienced an SICR when one or more of the following quantitative, qualitative or backstop criteria have been met:

- 30 days past due;
- the Group regularly monitors debtors with increased credit risk and considers such portfolios to have a SICR.

The level of ECL that is recognised in these consolidated financial statements depends on whether the credit risk of the debtor has increased significantly since initial recognition. This is a three-stage model for ECL measurement. A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition has a credit loss allowance based on 12-month ECLs (Stage 1). If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime ECLs. If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs. The Group has two approaches for ECL measurement: (i) assessment on an individual basis and (ii) assessment on a portfolio basis. The Group performs an assessment on a portfolio basis for trade receivables. The Group performs an assessment on an individual basis for all receivables overdue more than 365 days. For the measuring ECL amount the Group is taking into consideration the fact whether the receivable under the review is secured by a bank guarantee/cash deposit or not.

When assessment is performed on a portfolio basis, the Group determines the staging of the exposures and measures the loss allowance on a collective basis. The Group analyses its exposures by segments determined on the basis of shared credit risk characteristics. The key shared credit characteristics considered are: financial instrument type, type of customer, date of initial recognition and remaining term to maturity. The different segments also reflect differences in credit risk parameters. The appropriateness of groupings is monitored and reviewed on a periodic basis by Management.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECLs both incorporate supportable forward-looking information. The Group identified certain key economic variables that correlate with developments in credit risk and ECLs.

Cash flow forecasts are provided by the Board of Directors and provide the best estimate of the expected macro-economic development over the next year. The Group has considered this information, and based on the fact that most of the financial assets are current, this did not have significant impact on the consolidated financial statements.

As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes. The Group regularly reviews its methodology and assumptions to reduce any difference between the estimates and the actual loss of credit.

(ii) Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities and (c) equity investments, all of which are exposed to general and specific market movements.

24 Financial Risk Management (Continued)

Currency risk. Due to continuous international expansion, Management acknowledges elevated exposure of the Group to foreign exchange risk arising from various currency exposures, primarily with respect to Polish Zloty, British Pound and Hungarian Forint. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in currency that is not the entity's functional currency. Therefore, internal objectives, policies and processes for its management have been set. Management has set up a policy to require Group companies to manage their foreign exchange risk exposure with the Group treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts, transacted with the help of Group treasury. As a result, the Group has invested into hedging instruments, mostly forwards, that are set up to minimize foreign exchange losses.

Had the foreign exchange rates been by 5% lower than they have been throughout the year ended 31 December 2022 with all other variables constant, profit for the year would have been approximately EUR 40.5 million lower (2021: EUR 21.4 million lower). Equity, after allowing for the tax effects, would have been EUR 9.2 million lower (2021: EUR 6.4 million lower). For sensitivity analysis borrowings held in other then functional currencies were used as an exposure. The table presents sensitivity analysis by currencies.

In millions of EUR	PLN	HUF	Total
Foreign exchange sensitivity at 31 December 2022			
Profit for the year	31.1	9.4	**40.5**
Equity after allowing for the tax effects	9.2	-	**9.2**
Foreign exchange sensitivity at 31 December 2021 (Unaudited)			
Profit for the period	21.4	-	**21.4**
Equity after allowing for the tax effects	6.4	-	**6.4**

Interest rate risk. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The table below summarises the Group's exposure to interest rate risks. The table presents the aggregated amounts of the Group's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates.

In millions of EUR	Ut to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
31 December 2022						
Interest rate bearing financial assets						
Cash and cash equivalents	21.1	-	-	-	-	**21.1**
Derivatives and other financial assets	-	-	-	35.4	18.5	**53.9**
Interest rate bearing financial liabilities						
Borrowings	(155.3)	(778.8)	(52.9)	-	(279.3)	**(1,266.3)**
Lease liabilities	-	-	(0,3)	(0.9)	(12.1)	**(13.3)**
Net interest sensitivity gap at 31 December 2022	**(134.2)**	**(778.8)**	**(53.2)**	**34.5**	**(272.9)**	**(1,204.6)**
31 December 2021 (Unaudited)						
Interest rate bearing financial assets						
Cash and cash equivalents	35.1	-	-	-	-	**35.1**
Derivatives and other financial assets	-	-	-	2.1	-	**2.1**
Interest rate bearing financial liabilities						
Borrowings	-	(261.1)	-	(50.1)	-	**(311.2)**
Lease liabilities	-	-	(0.5)	(0.8)	(6.5)	**(7.8)**
Net interest sensitivity gap at 31 December 2021 (Unaudited)	**35.1**	**(261.1)**	**(0.1)**	**(48.8)**	**(6.9)**	**(281.8)**

24 Financial Risk Management (Continued)

The Group mitigates its interest rate risk and foreign exchange rate risk using derivative instruments. Interest rate cap options are used by the Group. The table presents notional values and fair values of derivatives.

In millions of EUR	31 December 2022			31 December 2021 Unaudited		
Derivatives - Assets	**Notional values**	**Fair values**	**Net gain on financial derivatives**	**Notional values**	**Fair values**	**Net gain on financial derivatives**
Interest rate cap	832.0	53.9	22.8	250.0	2.1	-
Total		**53.9**	**22.8**		**2.1**	**-**

Had the interest rates on the Group's variable interest rate loans (generally the borrowings) been higher by 200 basis points than they have been throughout the year ended 31 December 2022 with all other variables constant, profit before tax for the year would have been lower by approximately EUR 4.3 million (2021: EUR 0 million lower). Equity, after allowing for the tax effects, would have been lower by approximately EUR 3.4 million (2021: lower by EUR 0 million).

In addition to certain borrowings with fixed interest rate, the Group's policy is to actively manage the interest rate on its variable interest borrowings in selected cases. To manage this, the Group enters into various derivative instruments such as interest rate swaps or interest rate caps in relation to the relevant borrowings.

Trade and other receivables and Trade and other payables are interest free and with a term of less than one year, so it is assumed that there is no interest rate risk associated with these financial assets and liabilities.

The Group's interest rate risk is monitored by the Group's management on a monthly basis. The interest rate risk policy is approved quarterly by the Board of Directors. Management analyses the Group's interest rate exposure on a dynamic basis. Various scenarios are simulated, taking into consideration refinancing, renewal of existing positions and alternative financing sources. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions. The simulation is done on a monthly basis to verify that the maximum potential loss is within the limits set by management.

(iii) Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Current liabilities exceeded current assets by EUR 329.7 million as at 31 December 2022. After 31 December 2022, the Group drawn EUR 168.5 million of new loans. Current liabilities of EUR 110.7 million against HB Reavis Holding S.A. related to purchase of shares in subsidiary UBX2 Objekt Berlin S.a.r.l. and liabilities of HB REAVIS REAL ESTATE DEVELOPMENT FUND against HB REAVIS group in amount of EUR 8.9 million were settled with receivable from equity contributions. In addition, maturity of loan from related party in amount of EUR 21.0 million has been prolonged to 2029. As a result of the events occurred after financial position date, along with planned conversion of construction loan in amount of EUR 160.8 million to investment loan, the Group believes that its current assets position is sufficient to meet its financial obligations in the foreseeable future.

The table below shows liabilities at 31 December 2022 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the consolidated statement of financial position because the carrying amount is based on discounted cash flows.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the respective reporting period. Foreign currency payments are translated using the spot exchange rate at the balance sheet date.

24 Financial Risk Management (Continued)

The remaining maturities of financial liabilities based on contractual undiscounted cash flows as at 31 December 2022 are as follows:

In millions of EUR	**Demand and less than 12 months**	**From 1 to 2 years**	**From 2 to 5 years**	**Over 5 years**	**Total**
Liabilities					
Borrowings (principal repayments)	280.9	224.8	343.7	427.9	**1,277.3**
Borrowings (future interest payments)	47.7	33.5	62.1	73.2	**216.5**
Financial payables - current (Note 15)	200.9	-	-	-	**200.9**
Future lease payments (Note 14)	1.0	1.0	3.1	43.0	**48.1**
Total future payments, including future principal and interest payments	**530.5**	**259.3**	**408.9**	**544.1**	**1,742.8**

The remaining maturities of financial liabilities based on contractual undiscounted cash- flows as at 31 December 2021 (unaudited) are as follows:

In millions of EUR	**Demand and less than 12 months**	**From 1 to 2 years**	**From 2 to 5 years**	**Over 5 years**	**Total**
Liabilities					
Borrowings (principal repayments)	7.5	56.1	22.3	233.3	**319.2**
Borrowings (future interest payments)	9.7	7.5	20.0	11.2	**48.4**
Financial payables - current (Note 15)	19.4	-	-	-	**19.4**
Future lease payments (Note 14)	0.6	0.6	1.8	24.4	**27.4**
Total future payments, including future principal and interest payments Liabilities	**37.2**	**64.2**	**44.1**	**268.9**	**414.4**

On an ongoing basis the Board of Directors reviews a rolling cash flow forecast prepared on a consolidated basis. As of the date of preparation of these consolidated financial statements and based on our funding capacity the Board has considered cash flow scenarios, including a stress case, and concluded that it is appropriate to use the going concern assumption in preparation of the consolidated financial statements (see also Note 2).

25 Management of Capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with other companies in the industry, the Group monitors capital on the Net Asset Value (adjusted) basis. The Group calculates the Net Asset Value (adjusted) on the following basis:

In millions of EUR	**31 December 2022**	**31 December 2021 Unaudited**
Equity attributable to the owners of HB Reavis Investments Holding S.A.	603.2	392.1
Adjusted for Add: Deferred income tax net	132.5	60.0
Net Asset Value (adjusted) as monitored by management	**735.7**	**452.1**

26 Fair Value Estimation

IFRS 13 requires the use of valuation techniques for which sufficient data is available, maximising the use of observable inputs and minimising the use of unobservable inputs. The degree of detail of the disclosure depends on the observability of the inputs used.

For this purpose, IFRS 13 establishes a fair value hierarchy that classifies the inputs into three levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

- **Investment properties**

The following table presents the Group's investment properties that are measured at fair value:

In millions of EUR	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment property – valuations obtained at 31 December 2022 (Note 8)	-	-	2,076.0	**2,076.0**
Investment property – valuations obtained at 31 December 2021 (Note 8)	-	-	734.1	**734.1**

Level 3 investment properties are fair valued using discounted cash flow method, hard-core layer method, direct capitalization method and fair value at acquisition/divestment (cost) for assets which were either acquired/held for sale close to the balance sheet date or where reliable comparable information is unavailable and management used its judgement and experience to assess the fair value. The valuation techniques for level 3 are further described in Note 3.

26 Fair Value Estimation (Continued)

Quantitative information about fair value measurements using unobservable inputs:

Asset Management and Investment Management

Segment	Valuation technique	Fair value 31 Dec 2022 (in millions of EUR)	Fair value 31 Dec 2021 (in millions of EUR) Unaudited	Input	Range 31 Dec 2022	Range 31 Dec 2021
Slovakia						
Office	Hardcore layer method	114.5	-	Average annual rent in EUR per sqm Capitalisation rate (yield) for terminal value	213 5.30%	- -
Total		**114.5**	**-**			
Poland						
Office	Hardcore layer method	-	412.7	Average annual rent in EUR per sqm Capitalisation rate (yield) for terminal value	- -	239-275 4.55% – 4.65%
Office	Hardcore layer method	1,041.9	-	Average annual rent in EUR per sqm Capitalisation rate (yield)	235 - 309 4.58% – 5.69%	- -
Total		**1,041.9**	**412.7**			
United Kingdom						
Office	Hardcore layer method	243.8	-	Average annual rent in EUR per sqm Capitalisation rate (yield) for terminal value	1,025 4.68%	**-** **-**
Total		**243.8**	**-**			
Germany						
Office	Discounted cash flow	394.0	**-**	Average annual rent in EUR per sqm Discount rate Capitalisation rate (yield)	310 4.55% 3.50%	**-** **-** **-**
Total		**394.0**	**-**			
Hungary						
Office	Discounted cash flow	280.7	-	Average annual rent in EUR per sqm Discount rate Capitalisation rate (yield)	222 6.20% - 6.35% 5.70% - 5.85%	- - -
Total		**280.7**	**-**			
Total for segment		**2,074.9**	**412.7**			

26 Fair Value Estimation (Continued)

Development in realisation

Segment	Valuation technique	Fair value 31 Dec 2022 (in millions of EUR)	Fair value 31 Dec 2021 (in millions of EUR) Unaudited	Input	Range 31 Dec 2022	Range 31 Dec 2021
Poland						
Office	Residual method	-	321.0	Capitalised net revenues less cost to completion Capitalisation rate (yield)	- -	54.4 4.5%
Total		-	321.0			
Total for segment		**-**	**321.0**			

Non - Core

Segment	Valuation technique	Fair value 31 Dec 2022 (in millions of EUR)	Fair value 31 Dec 2021 (in millions of EUR) Unaudited	Input	Range 31 Dec 2022	Range 31 Dec 2021
Retail	At cost	0.4	0.4	-	-	-
HubHub	At cost	0.7	-	-	-	-
Total		1.1	0.4			
Total for segment		**1.1**	**0.4**			
Total		**2,076.0**	**734.1**			

26 Fair Value Estimation (Continued)

Valuation process

The valuations of the properties are performed twice a year on the basis of valuation reports prepared by independent and qualified valuers.

These reports are based on both:

- information provided by the company such as current rents, terms and conditions of lease agreements, service charges, capital expenditure, etc. This information is derived from the company's financial and property management systems and is subject to the company's overall control environment.
- assumptions and valuation models used by the valuers – the assumptions are typically market related, such as yields and discount rates. These are based on their professional judgment and market observation. Generally, for income producing assets a DCF and Hardcore layer method are used, for assets under construction residual method is used and comparative methodology is used for non-core.

The information provided to the valuers - and the assumptions and the valuation models used by the valuers - are reviewed by the controlling department and the Group Chief Financial Officer ('CFO'). This includes a review of fair value movements over the period.

Sensitivity of measurement to variance of significant unobservable inputs

A decrease in the estimated annual rent will decrease the fair value. An increase in the discount rates and the capitalisation rates (used for terminal value of DCF) will decrease the fair value.

There are interrelationships between these rates as they are partially determined by market rate conditions.

The principal assumptions made, and the impact on the aggregate valuations of reasonably possible changes in these assumptions are as follows for properties in the Western Europe (Germany, UK):

Rental charges per square meter and month have been calculated for each property on a basis of actually contracted and prevailing market rates as estimated by the qualified valuers. Should the rental levels increase or decrease by 10% the carrying value of investment property would be higher or lower by EUR 72.2 million (2021: EUR nil).

- The income capitalisation rate (yield) across the portfolio was assumed to be 3.50% to 4.68%, or 3.95% on average (2021: no property in this portfolio). Should this capitalisation rate increase / decrease by 25 basis points, the carrying value of the investment property would be EUR 38.0 million lower or EUR 43.1 million higher.

The principal assumptions made, and the impact on the aggregate valuations of reasonably possible changes in these assumptions are as follows for properties in the CEE region (Poland, Hungary, Slovakia):

- Rental charges per square meter and month have been calculated for each property on a basis of actually contracted and prevailing market rates as estimated by the qualified valuers. Should the rental levels increase or decrease by 10% the carrying value of investment property would be higher or lower by EUR 168.1 million (2021: EUR 88.6 million).

- The income capitalisation rate (yield) across the portfolio was assumed to be from 4.58% to 5.70%, or 5.02% on average (2021: from 4.50% to 4.65%, or 4.55% on average). Should this capitalisation rate increase / decrease by 25 basis points, the carrying value of the investment property would be EUR 33.4 million lower or EUR 30.2 million higher (2021: EUR 42.7 million lower or EUR 38.2 million higher).

- **Financial Instruments**

Fair value of a financial instrument is the price that would be received to sell the financial instrument in an orderly transaction between market participants at the measurement date and is best evidenced by the transaction price or an active quoted market price. The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies as described below. However, judgement is necessarily required to interpret market data to determine the estimated fair value.

Financial assets carried at amortised cost. The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty.

Liabilities carried at amortised cost. Considering that most borrowings have variable rate of interest and that own credit risk of the Group did not materially change, the amortised cost carrying value approximates fair value. The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, discounted from the first date that the amount could be required to be paid. The discount rate was 5.30% p.a. (2021: 3.84% p.a.). Refer to Note 14 for the estimated fair values of borrowings (for current borrowings Level 2 inputs are used, for non-current borrowings Level 3 inputs are used). Carrying amounts of trade and other payables approximate fair values.

26 Fair Value Estimation (Continued)

Financial derivatives. The fair values of derivatives are based on counterparty bank quotes and are considered level 2 valuations. The fair value was estimated using the discounted cash flows technique.

Forward exchange contracts. The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

Interest rate swaps. The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, future prices and interbank borrowings rates. Estimated cash flows are discounted using yield curve constructed from similar sources and which reflects the relevant benchmark interbank rates used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.

Interest rate Cap. The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, future prices and interbank borrowings rates. Estimated cash flows are discounted using yield curve constructed from similar sources and which reflects the relevant benchmark interbank rates used by market participants for this purpose when pricing interest rate swaps. A defined cost paid by purchasing a IR CAP option ensures that the fair value of the derivative can´t be negative.

27 Reconciliation of Classes of Financial Instruments with Measurement Categories

For the purposes of measurement, IFRS 9 "*Financial Instruments*" classifies financial assets into the following categories: (a) financial assets at FVTPL; (b) debt instruments at FVOCI, (c) equity instruments at FVOCI and (c) financial assets at AC. Financial assets at FVTPL have two sub-categories: (i) assets mandatorily measured at FVTPL, and (ii) assets designated as such upon initial recognition or subsequently. In addition, finance lease receivables form a separate category.

The Group's financial derivatives are classified as financial assets at FVTPL. All other Group's financial asset is measured at amortised cost as it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All of the Group's financial liabilities are carried at amortised cost except for financial derivatives that are classified as financial liabilities at FVTPL (Note 15).

28 Events after the End of the Reporting Period

After 31 December 2022 and up to date of authorization of these consolidated financial statements, the Group repaid EUR 2.3 million of loans and drawn EUR 168.5 million of new loans.

In January 2023, shareholders contributed share premium in kind of receivables in amount of EUR 121.4 million. Distributions to owners payable in amount of EUR 30 million was paid in 2023.

There were no other material events, which occurred after the end of the reporting period which have a bearing on the understanding of these consolidated financial statements.