HB Reavis Investments Holding S.A.

Condensed Consolidated Financial Statements
30 June 2023

Contents

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE 6 MONTHS ENDED 30 JUNE 2023

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In millions of EUR	Note	30 June 2023	31 December 2022
ASSETS			
Non-current assets			
Investment property	8	1,719.6	2,024.2
Receivables and loans	9	64.6	64.4
Other non-current assets		0.6	1.5
Total non-current assets		**1,784.8**	**2,090.1**
Current assets			
Non-current assets held for sale	13	257.5	-
Trade and other receivables	10	33.4	35.2
Derivatives and other financial assets	25	56.6	53.9
Other current assets		2.4	1.5
Restricted cash	11	50.5	50.5
Cash and cash equivalents	12	42.2	21.1
Total current assets		**442.6**	**162.2**
TOTAL ASSETS		**2,227.4**	**2,252.3**
EQUITY			
Share capital *(363,544,341 shares at EUR 1.00 each)*	14	363.5	363.5
Share premium	14	499.3	377.9
Retained earnings		(229.1)	(131.7)
Currency translation reserve		14.2	(6.5)
Equity attributable to the Company's owners		647.9	603.2
Non-controlling interest		9.1	12.4
TOTAL EQUITY		**657.0**	**615.6**
LIABILITIES			
Non-current liabilities			
Borrowings	15	1,141.4	987.3
Deferred income tax liability	23	91.2	132.5
Trade and other payables	16	12.9	12.7
Lease liabilities	15	12.1	12.3
Total non-current liabilities		**1,257.6**	**1,144.8**
Current liabilities			
Liabilities directly associated with non-current assets classified as held for sale	13	189.6	-
Borrowings	15	69.7	279.0
Trade and other payables	16	52.6	211.9
Lease liabilities	15	0.9	1.0
Total current liabilities		**312.8**	**491.9**
TOTAL LIABILITIES		**1,570.4**	**1,636.7**
TOTAL LIABILITIES AND EQUITY		**2,227.4**	**2,252.3**

These condensed consolidated interim financial statements have been approved for issue and signed on behalf of the HB Reavis Investments Holding S.A. on 25 September 2023 by the members of the Board of Directors of HB Reavis Investments Holding S.A. Shareholders have the power to amend these condensed consolidated interim financial statements after issue.

Isabel Schellenberg Director A	Liviu-Constantin Rusu Director A	Marcel Sedlák Director B

In millions of EUR	Note	6 months ended 30 June 2023	30 June 2022
Rental and similar income from investment property	18	57.1	15.2
Direct operating expenses arising from investment property	19	(14.4)	(3.3)
Net operating income from investment property		**42.7**	**11.9**
Net revaluation loss on investment property	8	(180.3)	50.6
Revenues from construction and other services	20	13.8	4.8
Construction services	20	(8.4)	(0.6)
Other operating expenses	21	(9.7)	(8.4)
Operating (loss)/profit		**(141.9)**	**58.3**
Interest expense	15	(33.7)	(6.3)
Foreign exchange gains/(losses), net	22	50.9	(8.9)
Net (losses)/gains on financial derivatives	25	(1.2)	6.5
Finance income/(costs), net		**16.0**	**(8.7)**
(Loss)/profit before income tax		**(125.9)**	**49.6**
Income tax benefit/(expense)		25.2	(9.9)
Income tax benefit/(expense)	23	**25.2**	**(9.9)**
Net (loss)/profit for the period		**(100.7)**	**39.7**
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Translation of foreign operations to the presentation currency for the period		20.7	(5.2)
Total other comprehensive income/(loss)		20.7	(5.2)
Total comprehensive (loss)/income for the period		**(80.0)**	**34.5**
Net (loss)/profit is attributable to:			
- Owners of the Company		(97.4)	**39.7**
- Non-controlling interest		(3.3)	**-**
(Loss)/profit for the period		**(100.7)**	**39.7**
Total comprehensive (loss)/income is attributable to:			
- Owners of the Company		(76.7)	34.5
- Non-controlling interest		(3.3)	-
Total comprehensive loss for the period		**(80.0)**	**34.5**

In millions of EUR	Note	Share capital (Note 14)	Share premium (Note 14)	Retained earnings	Translation reserve	Total	Non-controlling Interest	Total equity
Balance at 1 January 2022		**292.2**	**163.3**	**(63.4)**	-	**392.1**	-	**392.1**
Profit for the period		-	-	39.7	-	**39.7**	-	**39.7**
Other comprehensive loss		-	-	-	(5.2)	**(5.2)**	-	**(5.2)**
Total comprehensive profit for the period		**-**	**-**	**39.7**	**(5.2)**	**53.6**	**-**	**34.5**
Shareholder contribution	14	71.3	86.0	-	-	**157.3**	-	**157.3**
Change in equity due to business combination under common control	17	-	-	(17.8)	-	**(17.8)**	-	**(17.8)**
Distribution to owners		-	(17.5)	-	-	**(17.5)**	-	**(17.5)**
Balance at 30 June 2022		**363.5**	**231.8**	**(41.5)**	**(5.2)**	**548.6**	**-**	**548.6**
Balance at 1 January 2023		**363.5**	**377.9**	**(131.7)**	**(6.5)**	**603.2**	**12.4**	**615.6**
Loss for the period		-	-	(97.4)	-	**(97.4)**	(3.3)	**(100.7)**
Other comprehensive income		-	-	-	20.7	**20.7**	-	**20.7**
Total comprehensive loss for the period		**-**	**-**	**(97.4)**	**20.7**	**(76.7)**	**(3.3)**	**(80.0)**
Shareholder contribution	14	-	121.4	-	-	**121.4**	-	**121.4**
Balance at 30 June 2023		**363.5**	**499.3**	**(229.1)**	**14.2**	**647.9**	**9.1**	**657.0**

In millions of EUR	Note	30 June 2023	30 June 2022
Cash flows from operating activities			
Loss before income tax		(125.9)	49.6
Adjustments for:			
Depreciation and amortisation		-	0.1
Revaluation losses/(gains) on investment property	8	180.3	(50.6)
Interest expense	15	33.7	6.3
Unrealised foreign exchange losses	22	(52.2)	8.6
Unrealised gains from financial derivatives		5.0	(6.5)
Operating cash flows before working capital changes		40.9	7.5
Working capital changes:			
(Increase)/decrease in trade and other receivables, other assets and restricted cash		(23.0)	(4.0)
Decrease in trade and other payables		(2.7)	(3.0)
(Increase)/decrease in derivative and other financial instruments		(7.7)	(7.8)
Cash used in operations		**7.5**	**(7.3)**
Interest paid		(4.0)	(0.9)
Income taxes paid		(1.2)	(1.3)
Net cash generated from/(used) in operating activities		**2.3**	**(9.5)**
Cash flows from investing activities			
Construction costs related to investment properties		(28.2)	(15.7)
Cash paid on business combinations	17	-	(110.7)
Net cash used in investing activities		**(28.2)**	**(126.4)**
Cash flows from financing activities			
Proceeds from borrowings	15	176.6	116.2
Repayment of borrowings	15	(98.5)	(5.6)
Repayment of lease liabilities	15	(0.9)	-
Contribution from shareholder	14	-	27.1
Share premium distribution	14	(30.0)	(17.5)
Net cash from financing activities		**47.2**	**120.2**
Net increase/(decrease) in cash and cash equivalents		**21.3**	**(15.7)**
Cash and cash equivalents at the beginning of the period	12	21.1	35.1
Cash and cash equivalents at the end of the 6-month period	12	**42.4**	**19.4**

1 Corporate information

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, "Interim financial reporting" for the 6 months ended 30 June 2023 for HB Reavis Investments Holding S.A. (the "Company") and its subsidiaries (together referred to as the "Group" or "HB REAVIS Investments Group").

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 condensed consolidated interim financial statements. The remaining shares are held by Kennesville Holdings Ltd. (29.0%) and Skymound Ltd. (6.3%). 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 Group had 151 employees in the core real estate operations of the Group (on full time equivalent basis) as at 30 June 2023 (2022: 98). The average number of employees for the first 6 months of 2023 was 155 (2022: 88).

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

* REIT – real estate investment trust

2 Significant Accounting Policies

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

2.1 Basis of Preparation

Statement of compliance. These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read in conjunction with the annual financial statements for the period ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU").

Except as described in Note 4, the same accounting policies and methods of computation were followed in the preparation of this condensed consolidated interim financial information as compared with the annual consolidated financial statements for the year ended 31 December 2022.

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

The preparation of these condensed consolidated interim financial statements in accordance with IAS 34 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 condensed consolidated interim 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 27.

Going concern. The condensed consolidated interim 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.

The Management has performed stress-test scenario based on the business plan covering 24 months from the 30 June 2023 to evaluate the Group's cash-flow and 12 months from 30 June 2023 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. 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 Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim financial statements. In preparing the condensed consolidated interim 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 condensed consolidated interim financial statements are as follows:

Number	Subsidiaries	Functional currency	Country of incorporation	Percentage ownership interest and voting rights held 30 June 2023	31 December 2022
1	**HB Reavis Investments Holding S.A. *(The Company)***	EUR	Luxembourg	N/A	N/A
2	ONE House S.à r.l.	GBP	Luxembourg	100	100
3	UBX 2 Objekt Berlin S.à r.l.	EUR	Luxembourg	89.9	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	HUF	Hungary	100	100
9	HB Reavis Qubes Hungary Kft.	HUF	Hungary	100	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.	PLN	Poland	100	100
15	HB Reavis Investments Slovakia s. r. o.	EUR	Slovakia	100	100
16	Nivy Tower s. r. o.	EUR	Slovakia	100	100

2.3 Interim Period Tax Measurement

Interim period income tax expense is accrued using the effective tax rate that would be applicable to the expected total annual earnings, that is, the estimated weighted average annual effective income tax rate applied to the pre-tax income of the interim period, adjusted for income which is not subject to taxation. The effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognised in these condensed consolidated interim 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 condensed consolidated interim 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 investment 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). As at 31 December 2022, 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 fair value of investment properties is estimated based on the income capitalisation 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 at an appropriate market capitalisation rate to determine the value for property which is subject to the valuation. The 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; and in case of properties under development, future constructions, 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 27.

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 be recognized as a gain upon disposal 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 25.

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.
- If any leasehold improvements are expected to have a significant remaining value, 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.

Estimations of fair value of derivatives are described in Note 27.

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 2023:

- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies (issued on 15 February 2021 and effective for annual reporting periods beginning on or after 1 January 2023)
- Amendments to IAS 8: Definition of Accounting Estimates Policies (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 IAS 12: International Tax Reform — Pillar Two Model Rules (issued on 23 May 2023 and effective for annual reporting periods beginning on or after 1 January 2023)

The above standards and amendments had not any material impact on the Group's condensed consolidated interim 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 2023 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 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 2024)
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements (issued on 25 May 2023 and effective for annual reporting periods beginning on or after 1 January 2024)

* 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 condensed consolidated interim 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.

(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.

Information presented in segment analysis should be read in conjunction with the Note 17 Business combination that provides more information on the time schedule of underlying business combinations in 2022 and for the first 6 months of 2023.

6 Segment Analysis (Continued)

Geographical information. Revenue, expenses and assets analysed by country for the 6 months ended 30 June 2023 are as follows:

In millions of EUR	Note	Poland	Hungary	Germany	UK	Slovakia	Luxembourg	Cyprus	Total
Rental income	18	19.9	8.8	6.3	4.3	2.9	-	-	**42.2**
Service charges	18	5.0	4.3	1.0	3.3	0.9	-	-	**14.5**
Management charges	18	0.2	0.1	0.1	-	-	-	-	**0.4**
Direct operating expenses	19	(7.8)	(2.4)	(2.0)	(1.2)	(1.0)	-	-	**(14.4)**
Net operating income/(loss) from investment properties		**17.3**	**10.8**	**5.4**	**6.4**	**2.8**	**-**	**-**	**42.7**
Revaluation gain/(loss) on investment property	8	(101.2)	(25.4)	(42.9)	(5.8)	(5.0)	-	-	**(180.3)**
Revenue from construction contracts and other services	20	7.8	3.0	-	-	3.0	-	-	**13.8**
Construction contract costs	20	(8.4)	-	-	-	-	-	-	**(8.4)**
Interest expense	15	(15.9)	(4.4)	(4.5)	(4.9)	(1.3)	(2.7)	-	**(33.7)**
Foreign exchange gains, net	22	29.2	11.3	-	-	-	(0.1)	10.5	**50.9**
Other (expenses)/revenues		(4.5)	(1.0)	(0.1)	(0.8)	(4.0)	(0.5)	-	**(10.9)**
Profit/(loss) before tax		**(75.7)**	**(5.7)**	**(42.1)**	**(5.1)**	**(4.5)**	**(3.3)**	**10.5**	**(125.9)**
Investment property in use or vacant	8	995.6	267.1	349.2	-	107.7	-	-	**1,719.6**
Receivables and loans including other non-current assets	9	39.6	9.1	12.4	-	4.1	-	-	**65.2**
Non-current assets held for sale	13	-	-	-	257.5	-	-	-	**257.5**
Total non-current assets and assets held for sale		**1,035.2**	**276.2**	**361.6**	**257.5**	**111.8**	**-**	**-**	**2,042.3**
Restricted cash	11	24.5	12.8	13.2	-	-	-	-	**50.5**
Cash and cash equivalents	12	20.3	6.5	9.2	0.1	2.6	3.1	0.4	**42.2**
Derivatives and other financial assets	25	43.8	12.8	-	-	-	-	-	**56.6**
Trade and other receivables including Other assets	10	18.0	7.5	3.4	-	4.0	2.9	-	**35.8**
Total current assets		**106.6**	**39.6**	**25.8**	**0.1**	**6.6**	**6.0**	**0.4**	**185.1**
Total assets		**1,141.8**	**315.8**	**387.4**	**257.6**	**118.4**	**6.0**	**0.4**	**2,227.4**

6 Segment Analysis (Continued)

Geographical information. Liabilities at 30 June 2023 and capital expenditures analysed by country for the 6 months ended 30 June 2023 are as follows:

In millions of EUR	Note	Poland	Hungary	Germany	UK	Slovakia	Luxembourg	Cyprus	Total
Borrowings	15								
- non-current		(639.0)	(166.1)	(282.6)	-	(53.7)	-	-	**(1,141.4)**
- current		(4.0)	(10.0)	(3.6)	-	(1.7)	(50.4)	-	**(69.7)**
Leasing	15								
- non-current		(11.4)	-	-	-	(0.7)	-	-	**(12.1)**
- current		(0.7)	-	-	-	(0.2)	-	-	**(0.9)**
Trade and other payables	16								
- non-current		(6.5)	(5.4)	-	-	(1.0)	-	-	**(12.9)**
- current		(31.7)	(8.3)	(8.0)	(0.1)	(4.1)	(0.4)	-	**(52.6)**
Deferred income tax liability		(61.7)	-	(21.3)	-	(8.2)	-	-	**(91.2)**
Total liabilities		**(755.0)**	**(189.8)**	**(315.5)**	**(0.1)**	**(69.6)**	**(50.8)**	**-**	**(1,380.8)**
Liabilities directly associated with non-current assets classified as held for sale		**-**	**-**	**-**	**(189.6)**	**-**	**-**	**-**	**(189.6)**
Net asset value		**386.8**	**126.0**	**71.9**	**67.9**	**48.8**	**(44.8)**	**0.4**	**657.0**
Construction costs related to investment property	8	21.7	0.3	7.7	0.7	-	-	-	**30.4**
Construction costs related to construction work	20	8.4	-	-	-	-	-	-	**8.4**
Total investments		**30.1**	**0.3**	**7.7**	**0.7**	**-**	**-**	**-**	**38.8**

6 Segment Analysis (Continued)

Geographical information. Revenue, expenses analysed by country for the 6 months ended 30 June 2022 and assets analysed by country at 31 December 2022 are as follows:

In millions of EUR	Note	Poland	Hungary	Germany	UK	Slovakia	Luxembourg	Cyprus	Total
Rental income	18	11.7	-	-	1.0	-	-	-	**12.7**
Service charges	18	1.8	-	-	0.2	-	-	-	**2.0**
Management charges	18	0.2	0.3	-	-	-	-	-	**0.5**
Direct operating expenses	19	(2.4)	(0.6)	-	-	(0.3)	-	-	**(3.3)**
Net operating income/(loss) from investment properties		**11.3**	**(0.3)**	-	**1.2**	**(0.3)**	**-**	**-**	**11.9**
Revaluation gain/(loss) on investment property	8	37.0	-	-	13.6	-	-	-	**50.6**
Revenue from construction contracts and other services	20	3.8	0.7	-	-	0.3	-	-	**4.8**
Construction contract costs	20	(0.6)	-	-	-	-	-	-	**(0.6)**
Interest expense		(5.8)	-	-	-	-	(0.5)	-	**(6.3)**
Foreign exchange losses, net		(5.8)	-	-	-	-	-	(3.1)	**(8.9)**
Other (expenses)/revenues		1.3	(0.3)	-	-	(2.7)	(0.2)	-	**(1.6)**
Profit/(loss) before tax		**41.2**	**0.1**	**-**	**14.8**	**(2.7)**	**(0.7)**	**(3.1)**	**49.6**
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	25	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 analysed by country for the year ended 31 December 2022 and capital expenditures analysed by country for 6 months ended 30 June 2022 are as follows:

In millions of EUR	Note	Poland	Hungary	Germany	UK	Slovakia	Luxembourg	Cyprus	Total
Borrowings	15								
- 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	15								
- non-current		(11.3)	-	-	-	(1.0)	-	-	**(12.3)**
- current		(0.7)	-	-	-	(0.3)	-	-	**(1.0)**
Trade and other payables	16								
- 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		(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**

In millions of EUR	Note	Poland	Hungary	Germany	UK	Slovakia	Luxembourg	Cyprus	Total
Acquired through business combination		248.7	-	-	272.2	-	-	-	520.9
Construction costs related to investment property	8	16.4	-	-	-	-	-	-	16.4
Construction costs related to construction work		0.6	-	-	-	-	-	-	0.6
Total investments		**265.7**	**-**	**-**	**272.2**	**-**	**-**	**-**	**537.9**

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 12 senior managers (2022: 15). 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 30 June 2023 are detailed below.

At 30 June 2023, 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)	6.7	-	**6.7**
Other current assets	1.1	-	**1.3**
Borrowings non-current (Note 15)	(28.4)	-	**(28.4)**
Borrowings non-current – capitalised transaction costs (Note 15)	3.7	-	**3.7**
Lease liabilities current	(0.1)	-	**(0.1)**
Lease liabilities non-current	(0.4)	-	**(0.4)**
Trade and other payables current (Note 16)	(32.4)	-	**(36.3)**
Trade and other payables non-current (Note 16)	(0.5)	-	**(0.5)**

The income and expense items with related parties for the 6 months ended 30 June 2023 are as follows:

In millions of EUR	**Entities under common control**	**Key management personnel**	**Total**
Revenue from construction and other services	3.1	-	**3.1**
Rental income	1.9	-	**1.9**
Direct operating expenses arising from investment property	(1.1)	-	**(1.1)**
Other operating expenses	(4.3)	-	**(4.3)**
Employee benefits	-	(0.8)	**(0.8)**
Construction expenses	(8.4)	-	**(8.4)**
Interest expense	(1.2)	-	**(1.2)**

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 15)	(52.9)	-	**(52.9)**
Lease liabilities current	(0.2)	-	**(0.2)**
Lease liabilities non-current	(0.7)	-	**(0.7)**
Distribution to owners payables (Note 14)	(30.0)	-	**(30.0)**
Liabilities resulting from business combination (Note 17)	(110.9)	-	**(110.9)**
Trade and other payables current (Note 16)	(43.9)	-	**(43.9)**
Trade and other payables non – current (Note 16)	-	(0.1)	**(0.1)**

The income and expense items with related parties for the 6 months ended 30 June 2022 are as follows:

In millions of EUR	**Entities under common control**	**Key management personnel**	**Total**
Revenue from construction and other services	1.7	-	**1.7**
Direct operating expenses arising from investment property	(0.2)	-	**(0.2)**
Other operating expenses	(2.9)	-	**(2.9)**
Interest expense	(1.6)	-	**(1.6)**

The compensation of the Board of Directors of the Company amounted to EUR 0.8 million for 6 months ended 30 June 2023 (for 6 months ended 30 June 2022: nil).

The Group had no outstanding loans receivable from the members of the Board of Directors of the Group as at 30 June 2023 (2022: nil).

8 Investment Property

	6 months ended 30 June 2023					Year ended 31 December 2022				
	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	**-**	**-**	**2,011.6**	**12.6**	**2,024.2**	**320.3**	**1.1**	**398.3**	**6.1**	**725.8**
Acquired through business combination	-	-	-	-	**-**	-	5.6	1,280.6	-	**1,286.2**
Subsequent expenditure on investment property	-	-	30.4	-	**30.4**	34.8	-	26.1	-	**60.9**
Transfers from under development to in use	-	-	-	-	**-**	(362.7)	(6.6)	362.7	6.6	**-**
Transfers to disposal groups classified as held for sale	-	-	(235.7)	-	**(235.7)**					
Fair value gains/(losses) – properties completed during the period**	-	-	-	-	**-**	13.3	-	-	-	**13.3**
Fair value gains/(losses)**	-	-	(180.2)	(0.1)	**(180.3)**	-	(0.1)	(41.5)	(0.1)	**(41.7)**
Effect of translation to presentation currency**	-	-	81.0	-	**81.0**	(5.7)	-	(14.6)	-	**(20.3)**
Fair value at the end of the period	**-**	**-**	**1,707.1**	**12.5**	**1,719.6**	**-**	**-**	**2,011.6**	**12.6**	**2,024.2**

** As of 30 June 2023, the investment property portfolio of the Group with fair value of EUR 1,262.7 million or 73% of total investment property of the Group as of that date (2022: EUR 1,527.1 million or 75% 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 30 June 2023 was EUR 12.5 million (2022: EUR 12.6 million).

At 30 June 2023, investment properties carried at EUR 1,706.3 million (at 31 December 2022: EUR 2,010.6 million) have been pledged to third parties as collateral with respect to borrowings.

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	30 June 2023	31 December 2022
Valuations obtained			**2,024.7**	**2,076.0**
Add:	right-of-use assets classified as investment property		12.5	12.6
Less:	lease incentive receivables	9(a)	(64.6)	(64.4)
Less:	transfers to disposal groups classified as held for sale		-	-
Less:	rental receivables Fx adjustments		(1.6)	-
Less:	transfers of investment property to disposal groups classified as held for sale		(235.7)	-
Less:	transfers of straightline to disposal groups classified as held for sale		(15.7)	-
Fair value at the end of the period			**1,719.6**	**2,024.2**

9 Receivables and Loans

In millions of EUR	Note	30 June 2023	31 December 2022
Lease incentives receivables	(a)	64.6	64.4
Total receivables and loans		**64.6**	**64.4**

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

(a) Lease incentive receivables of EUR 64.6 million (31 December 2022: EUR 64.4 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	30 June 2023	31 December 2022
Trade receivables		12.2	8.9
Accrued rental income		3.9	7.1
Trade and other receivables from related parties	7	6.7	4.2
Other financial receivables		1.5	-
Less expected credit loss allowance for trade receivables		(0.4)	(0.4)
Total financial assets / receivables		**23.9**	**19.8**
VAT receivable		5.6	11.1
Prepayments		3.9	4.3
Total trade and other receivables		**33.4**	**35.2**

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

	30 June 2023				**31 December 2022**			
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%	13.9	-	13.9	0.25%	11.5	-	11.5
- less than 30 days overdue	2.5%	1.5	-	1.5	2.5%	2.7	0.1	2.6
- 30 to 90 days overdue	5.0%	0.7	-	0.7	5.0%	0.8	-	0.8
- 91 to 180 days overdue	10.0%	0.5	-	0.5	10.0%	0.4	-	0.4
- 181 to 360 days overdue	15.0%	0.5	0.1	0.4	15.0%	0.3	0.1	0.2
- over 360 days overdue	70.0%	0.3	0.2	0.1	70.0%	0.3	0.2	0.1
Total		**17.4**	**0.3**	**17.2**		**16.0**	**0.4**	**15.6**
Trade and other receivables and accrued rental income with related parties								
- current	0.25%	5.5	-	5.5	0.25%	2.8	-	2.8
- less than 30 days overdue	2.5%	0.3	-	0.3	2.5%	1.0	-	1.0
- 30 to 90 days overdue	5.0%	0.2	-	0.2	5.0%	0.1	-	0.1
- 91 to 180 days overdue	10.0%	0.9	0.1	0.8	10.0%	0.1	-	0.1
- 181 to 360 days overdue	15.0%	-	-	-	15.0%	0.2	-	0.2
- over 360 days overdue	70.0%	-	-	-	70.0%	-	-	-
Total		**6.9**	**0.1**	**6.8**		**4.2**		**4.2**
Total financial assets		**24.3**	**0.4**	**23.9**		**20.2**	**0.4**	**19.8**

10 Trade and Other Receivables (Continued)

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	**2023**	**2022**
Expected credit loss allowance at 1 January	**0.4**	**-**
Expected credit loss charge to profit or loss for the period	-	0.4
Expected credit loss allowance at the end of the reporting period	**0.4**	**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 30 June 2023, restricted cash balance consists of the following:

In millions of EUR	**30 June 2023**	**31 December 2022**
Utilisation accounts	23.5	23.8
Debt service reserve accounts	12.6	10.2
Tenant security deposits	13.8	16.1
Other	0.6	0.4
Total restricted cash	**50.5**	**50.5**

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.

Restricted cash gross outflow amounted EUR 1.4 million and restricted cash gross inflow amounted to EUR 2.8 million for the 6 month period ended 30 June 2023. Restricted cash in amount of EUR 1.4 million is presented under Assets held for sale as at 30 June 2023.

12 Cash and Cash Equivalents

In millions of EUR	**30 June 2023**	**31 December 2022**
Cash at bank	39.8	21.0
Cash on transit and in hand	2.4	0.1
Total cash and cash equivalents	**42.2**	**21.1**

The table below discloses the credit quality of cash and cash equivalents balances based on credit risk grades at 30 June 2023. Refer to Note 25 for the description of the Group's credit risk grading system.

In millions of EUR	**30 June 2023**	**31 December 2022**
- Excellent	6.6	5.6
- Good	33.1	15.4
- Satisfactory	0.1	-
Total cash and cash equivalents, excluding cash on hand	**39.8**	**21.0**

12 Cash and Cash Equivalents (Continued)

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 30 June 2023 and 31 December 2022 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 Non-current Assets Held for Sale

Major classes of assets classified as held for sale:

In millions of EUR	**30 June 2023**	**31 December 2022**
Investment property	235.7	-
Receivables and loans	15.7	-
Trade and other receivables	4.0	-
Cash and cash equivalents	0.2	-
Restricted cash	1.4	
Other assets	0.5	
Total assets classified as held for sale	**257.5**	**-**

As at 30 June 2023, the Group classified assets and liabilities of One House S.à r.l. as held for sale.

Major classes of liabilities directly associated with assets classified as held for sale:

In millions of EUR	**30 June 2023**	**31 December 2022**
Borrowings current	161.6	-
Deferred income tax liability	20.8	-
Trade and other payables current	6.2	-
Trade and other payables non-current	1.0	-
Total liabilities directly associated with assets classified as held for sale	**189.6**	**-**

At 30 June 2023, investment properties held for sale carried at EUR 235.7 million (at 31 December 2022: EUR 0 million) and the receivables of EUR 4.0 million (at 31 December 2022: EUR nil) have been pledged to third parties as collateral with respect to borrowings.

14 Share Capital and Share Premium

	Number of shares	Ordinary shares in EUR	Share premium in EUR	Total in EUR
At 1 January 2022 (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**
At 30 June 2023	363,545,341	363,545,341	499,274,975	**862,820,316**

As at 30 June 2023, the share capital of the Company is EUR 363,5454,341 and consists of 363,545,341 shares with the nominal value of EUR 1. The share premium of the Company is EUR 499,274,974 as at 30 June 2023 (31 December 2022: EUR 377,904,809). In January 2023, shareholders contributed share premium in kind of receivables in amount of EUR 121.4 million.

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

In millions of EUR, except dividends per share amount	Note	30 June 2023	31 December 2022
Distributions to owners payable at 1 January	16	**30.0**	**-**
Distributions declared during the period (from share premium)		-	51.0
Distributions paid during the period		(30.0)	(21.0)
Distributions to owners payable at 31 December	16	**-**	**30.0**
Amount per share declared during the period in EUR		-	**0.**1

15 Borrowings and Lease liabilities

In millions of EUR	30 June 2023	31 December 2022
Non-current		
Bank borrowings	1,113.5	987.3
Borrowings from related parties	27.9	-
Lease liabilities	12.1	12.3
Total non-current borrowings and lease liabilities	**1,153.5**	**999.6**
Current		
Bank borrowings	69.2	226.1
Borrowings from related parties	0.5	52.9
Lease liabilities	0.9	1.0
Total current borrowings and lease liabilities	**70.6**	**280.0**
Total borrowings and lease liabilities	**1,224.1**	**1,279.6**

15 Borrowings and Lease liabilities (Continued)

The Group's borrowings are denominated in EUR or PLN. The table below sets out an analysis of debt and the movements in 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 1 January 2022 (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)**
Borrowings and lease liabilities as presented in the consolidated statement of financial position as at 31 December 2022	**1,213.4**	**52.9**	**13.3**	**1,279.6**
Total borrowings and lease liabilities as at 31 December 2022	**1,213.4**	**52.9**	**13.3**	**1,279.6**
Cash flows				
Proceeds from new drawdowns	176.6	-	-	**176.6**
Repayments	(71.9)	(26.6)	(0.9)	**(99.4)**
Non-cash changes				
Foreign exchange adjustments	(45.1)	(1.4)	0.3	**(46.2)**
Change in accrued interest	29.1	0.6	-	**29.7**
Change in amortised transaction costs	(0.1)	-	-	**(0.1)**
Effect of translation to presentation currency	42.3	2.9	0.3	**45.5**
Reclassified to liabilities directly associated with assets classified as held for sale	(161.6)	-	-	**(161.6)**
Total borrowings and lease liabilities as at 30 June 2023	**1,182.7**	**28.4**	**13.0**	**1,224.1**

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

	Carrying amounts		**Fair values**	
In millions of EUR	**30 June 2023**	**31 December 2022**	**30 June 2023**	**31 December 2022**
Bank borrowings	1,113.5	987.3	1,068.8	972.6
Borrowings from related parties	27.9	-	27.6	-
Non-current borrowings	**1,141.4**	**987.3**	**1,096.4**	**972.6**

Assumptions used in determining fair value of borrowings are described in Note 27. 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.

15 Borrowings and Lease liabilities (Continued)

The Group has the following undrawn borrowing facilities:

In millions of EUR	30 June 2023	31 December 2022
Availability:		
- Expiring within one year	-	7.7
- Expiring beyond one year	53.7	106.1
Total undrawn facilities	**53.7**	**113.8**

Investment properties (Note 8) and receivables (Note 10) are pledged as collateral for borrowings of EUR 1,132.3 million (2022: EUR 1,113.4 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% (2022: 65% to 80%) and minimum debt service coverage ratios ranging from 1.15 to 1.2 (2022: 1.15 to 1.2).

During first 6 months of 2023 and up to the date of authorisation of these condensed consolidated interim 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 30 June 2023 and up to date of authorization of these condensed consolidated interim financial statements, the Group repaid EUR 3.1 million of loans and drawn EUR 22.1 million of new loans (Note 29).

During first 6 months of 2023 the Group recognized on its borrowings interest expense amounting to of EUR 33.7 million (6 months of 2022: interest expense EUR 6.3 million).

16 Trade and Other Payables

In millions of EUR	Note	30 June 2023	31 December 2022
Non–current			
Other long-term payables		12.4	12.6
Long term payables to related parties	7	0.5	0.1
Total non-current payables		**12.9**	**12.7**
Current			
Trade and other payables to related parties	7	32.4	184.8
Accrued liabilities		3.7	7.3
Trade payables		3.5	5.8
Other payables		3.8	3.0
Total current financial payables		**43.4**	**200.9**
Items that are not financial instruments:			
Deferred rental income		5.9	6.1
Contract liability		1.3	2.3
Prepayments		1.2	1.3
Income tax payable		0.1	0.8
Accrued employee benefit costs		0.4	0.3
Other taxes payable		0.3	0.2
Total current trade and other payables		**52.6**	**211.9**

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.

17 Business Combination

During first 6 months of 2023 the Group did not acquire any new subsidiary. 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 30 June 2023 and 31 December 2022 are as follows:

In millions of EUR	**30 June 2023**	**31 December 2022**
Investment property	-	1,286.2
Receivables and loans	-	25.1
Other non-current assets	-	-
Trade and other receivables due from third parties	-	76.9
Derivatives and other financial assets	-	13.0
Other assets	-	3.8
Cash and cash equivalents	-	14.7
Restricted cash	-	30.2
Borrowings LT	-	(759.6)
Trade and other payables LT	-	(8.2)
Deferred income tax liability	-	(72.4)
Lease liabilities LT	-	(4.9)
Borrowings ST	-	(14.8)
Trade and other payables ST	-	(103.4)
Lease liabilities ST	-	(0.3)
Carrying value of identifiable net assets of subsidiary	**-**	**486.3**
Amount recognised in retained earnings	-	56.3
Non-controlling interest	-	(12.4)
Equity contributions in kind of interests in subsidiaries	-	299.1
Outstanding liability	-	110.9
Cash and cash equivalents of subsidiary acquired	-	14.7
Less: cash paid in acquisition	-	120.3
(Outflow)/Inflow of cash and cash equivalents on acquisition	**-**	**(105.6)**

18 Rental and Similar Income from Investment Property

In millions of EUR	**Note**	**6 months ended 30 June 2023**	**6 months ended 30 June 2022**
Rental income		42.2	12.7
Service charges		14.5	2.0
Management charges income		0.4	0.5
Total Rental and similar income from investment property		**57.1**	**15.2**

18 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 30 June 2023:

In millions of EUR	**30 June 2023**	**31 December 2022**
Not later than 1 year	55.9	59.2
Later than 1 year and not later than 2 years	74.1	80.2
Later than 2 years and not later than 3 years	80.6	89.4
Later than 3 years and not later than 4 years	82.9	88.9
Later than 4 years and not later than 5 years	80.3	131.1
Later than 5 years	406.1	419.0
Total operating lease payments receivable	**779.9**	**867.8**

19 Direct Operating Expenses arising from Investment Property

In millions of EUR	**6 months ended 30 June 2023**	**6 months ended 30 June 2022**
Direct operating expenses arising from investment property that generate rental income:		
Services relating to investment property	6.0	1.6
Utilities costs	5.7	1.1
Repairs and maintenance services	0.1	-
Other costs	2.6	0.6
Total	**14.4**	**3.3**

20 Revenue from construction and other services, construction expenses

Revenues from construction contracts and other services comprised the following:

In millions of EUR	**6 months ended 30 June 2023**	**6 months ended 30 June 2022**
Revenue from construction and other services:		
Fit out for tenants	7.8	-
Revenues from asset management	1.7	1.0
Sales of services	1.1	0.7
Revenues from construction contracts	-	0.6
Sales of inventories	-	0.1
Other	3.2	2.4
Total revenue from construction and other services	**13.8**	**4.8**

Expenses arising from construction services comprised the following:

In millions of EUR	**6 months ended 30 June 2023**	**6 months ended 30 June 2022**
Construction contract costs:		
Fit out for tenants	8.4	-
Other construction expenses from related parties	-	0.6
Total construction services	**8.4**	**0.6**

21 Other Operating Expenses

Other operating expenses comprised the following:

In millions of EUR	**6 months ended 30 June 2023**	**6 months ended 30 June 2022**
Services	4.8	4.0
Employee benefits	3.0	2.5
Rental expenses	0.1	0.1
Audit fees	0.1	-
Cost of sold inventories	-	0.1
Other	1.7	1.7
Total other operating expenses	**9.7**	**8.4**

22 Foreign exchange gains/(losses)

In millions of EUR	**6 months ended 30 June 2023**	**6 months ended 30 June 2022**
Bank borrowings	44.3	(5.8)
Inter-company loans to foreign operations that do not form part of net investment	11.2	(3.2)
Trade and other receivables and payables	(4.6)	0.1
Foreign exchange gain/(losses)	**50.9**	**(8.9)**

Total realized foreign exchange losses amounted to EUR 1.3 million as at 30 June 2023 (6 months ended 30 June 2022: gains of EUR 0.4 million)

23 Income tax

Income tax expense/(credit) is recognised at an amount determined by multiplying the profit/(loss) before tax for the interim reporting period by management's best estimate of the average annual income tax rate expected for the full financial year adjusted for tax effect of income exempt from taxation. The effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

The Group's consolidated effective tax rate for the six months ended 30 June 2023 was 20.2% (six months ended 30 June 2022: 20.2%).

24 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 62.2 million at 30 June 2023 (31 December 2022: EUR 45.0 million); this exposure will be partially financed by external loans (committed lines: EUR 53.7 million, 2022 EUR 113.8 million). The Group believes that future net income and funding will be sufficient to cover this and any similar such commitments.

25 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 16 banks (2022: 31 banks) but 99.6% (2022: 92.0%) of cash balances as of 30 June 2023 are held with 10 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.

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.

25 Financial Risk Management (Continued)

The level of ECL that is recognised in these condensed consolidated interim 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.

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 period ended 30 June 2023 with all other variables constant, profit for the period would have been approximately EUR 59.1 million lower (6 months ended 30 June 2022: EUR 39.0 million lower). Equity, after allowing for the tax effects, would have been EUR 8.0 million lower (6 months ended 30 June 2022: EUR 8.7 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 30 June 2023			
Profit for the period	49.9	9.2	**59.1**
Equity after allowing for the tax effects	8.0	-	**8.0**
Foreign exchange sensitivity at 30 June 2022			
Profit for the period	39.0	-	**39.0**
Equity after allowing for the tax effects	8.7	-	**8.7**

25 Financial Risk Management (Continued)

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	**Up to 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
30 June 2023						
Interest rate bearing financial assets						
Cash and cash equivalents	42.2	-	-	-	-	**42.2**
Derivatives and other financial assets	-	-	-	35.3	21.3	**56.6**
Interest rate bearing financial liabilities						
Borrowings	-	(896.6)	(0.5)	-	(314.0)	**(1,211.1)**
Lease liabilities	-	-	(0.2)	(0.7)	(12.1)	**(13.0)**
Net interest sensitivity gap at 30 June 2023	**42.2**	**(896.6)**	**(0.7)**	**34.6**	**(304.8)**	**(1,125.3)**
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)**

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	**30 June 2023**			**31 December 2022**		
Derivatives - Assets	**Notional values**	**Fair values**	**Net loss on financial derivatives**	**Notional values**	**Fair values**	**Net gain on financial derivatives**
Interest rate cap	1,162.0	56.6	(1.2)	832.0	53.9	22.8
Total		**56.6**	**(1.2)**		**53.9**	**22.8**

Net gain on financial derivatives for the period of 6 months ended 30 June 2022 was EUR 6.5 million.

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 period of 6 months ended 30 June 2023 with all other variables constant, profit before tax for the period would have been lower by approximately EUR 8.2 million (30 June 2022: EUR 2.3 million lower). Equity, after allowing for the tax effects, would have been lower by approximately EUR 6.5 million (30 June 2022: lower by EUR 1.8 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.

25 Financial Risk Management (Continued)

(iii) Liquidity risk

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

The table below shows liabilities at 30 June 2023 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.

The remaining maturities of financial liabilities based on contractual undiscounted cash flows as at 30 June 2023 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)	228.9	180.7	291.6	681.8	**1,383.0**
Borrowings (future interest payments)	61.6	44.2	116.2	78.2	**300.2**
Financial payables - current (Note 16)	43.4	-	-	-	**43.4**
Future lease payments (Note 15)	0.9	0.9	2.7	45.2	**49.7**
Total future payments, including future principal and interest payments	**334.8**	**225.8**	**410.5**	**805.2**	**1,776.3**

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 16)	200.9	-	-	-	**200.9**
Future lease payments (Note 15)	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**

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 condensed consolidated interim 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 condensed consolidated interim financial statements (see also Note 2).

26 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	**30 June 2023**	**31 December 2022**
Equity attributable to the owners of HB Reavis Investments Holding S.A.	647.9	603.2
Adjusted for Add: Deferred income tax net	112.0	132.5
Net Asset Value (adjusted) as monitored by management	**759.9**	**735.7**

27 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 – valued internally at 30 June 2023 (Note 8) – including those presented under assets held for sale			2,024.7	**2,024.7**
Investment property – external valuations obtained at 31 December 2022 (Note 8)	-	-	2,076.0	**2,076.0**

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.

27 Fair Value Estimation (Continued)

Quantitative information about fair value measurements using unobservable inputs:

Asset Management and Investment Management

Segment	Valuation technique	Fair value 30 June 2023 (in millions of EUR)	Fair value 31 Dec 2022 (in millions of EUR)	Input	Range 30 June 2023	Range 31 Dec 2022
Slovakia						
Office	Hardcore layer method	110.3	114.5	Average annual rent in EUR per sqm	223	213
				Capitalisation rate (yield) for terminal value	5.85%	5.30%
Total		**110.3**	**114.5**			
Poland						
Office	Hardcore layer method	1,024.3	1,041.9	Average annual rent in EUR per sqm	230 - 320	235 - 309
				Capitalisation rate (yield)	5.25% - 6.05%	4.58% - 5.69%
Total		**1,024.3**	**1,041.9**			
United Kingdom						
Office	Hardcore layer method	251.4	243.8	Average annual rent in EUR per sqm	1,059	1,025
				Capitalisation rate (yield) for terminal value	5.05%	4.68%
Total		**251.4**	**243.8**			
Germany						
				Average annual rent in EUR per sqm	325	310
Office	Discounted cash flow	361.7	394.0	Discount rate	4.55%	4.55%
				Capitalisation rate (yield)	3.92%	3.50%
Total		**361.7**	**394.0**			
Hungary						
				Average annual rent in EUR per sqm	249	222
Office	Discounted cash flow	276.2	280.7	Discount rate	6.20% - 6.35%	6.20% - 6.35%
				Capitalisation rate (yield)	6.50%	5.70% - 5.85%
Total		**276.2**	**280.7**			
Total for segment		**2,023.9**	**2,074.9**			

27 Fair Value Estimation (Continued)

Non - Core

Segment	Valuation technique	Fair value 30 June 2023 (in millions of EUR)	Fair value 31 Dec 2022 (in millions of EUR)	Input	Range 30 June 2023	Range 31 Dec 2022
Retail	At cost	0.3	0.4	-	-	-
HubHub	At cost	0.5	0.7	-	-	-
Total		0.8	1.1			
Total for segment		**0.8**	**1.1**			
Total		**2,024.7**	**2,076.0**			

27 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 68.1 million (31 December 2022: EUR 72.2 million).

- The income capitalisation rate (yield) across the portfolio was assumed to be 3.92% to 5.05%, or 4.38% on average (31 December 2022: 3.50% to 4.68%, or 3.95%). Should this capitalisation rate increase / decrease by 25 basis points, the carrying value of the investment property would be EUR 33.1 million lower or EUR 37.1 million higher (31 December 2022: 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 154.2 million (31 December 2022: EUR 168.1 million).

- The income capitalisation rate (yield) across the portfolio was assumed to be from 5.25% to 6.50%, or 5.71% on average (31 December 2022: from 4.58% to 5.70%, or 5.02% on average). Should this capitalisation rate increase / decrease by 25 basis points, the carrying value of the investment property would be EUR 59.2 million lower or EUR 64.6 million higher (31 December 2022: EUR 33.4 million lower or EUR 30.2 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 5.20% p.a. (2022: 5.30% p.a.). Refer to Note 15 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.

27 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.

28 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 16).

29 Events after the End of the Reporting Period

After 30 June 2023 and up to date of authorization of these consolidated financial statements, Group repaid EUR 3.1 million of loans and drawn EUR 22.1 million of new loans

In September 2023, the Group completed sale of its shares in subsidiary ONE House S.à r.l. classified as held for sale as at 30 June 2023. The subsidiary owns the office building Bloom in London, UK. Carrying value of investment property disposed of was EUR 235.7 million as at 30 June 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.