CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

VIVION

Vivion Investments S.à r.l.
155, Rue Cents
L-1319 Luxembourg

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for the year ended
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Contents

MANAGEMENT REPORT

Management of the Company hereby presents its management report for the financial year ended on 31 December 2022.

General information

Vivion Investments S.à r.l., (the "**Company**" or "**Vivion**" and together with its consolidated subsidiaries the "**Group**") hereby presents its audited consolidated financial statements for the year ended 31 December 2022. The Company is a commercial real estate company, focusing on the ownership, management, improvement and selective acquisition and disposal of properties predominantly in the United Kingdom and Germany. The Group does not have any activities in the field of research and development.

The Company was formed in Luxemburg on 19 October 2018 and was registered with the Luxembourg Register of Trade and Companies (Registre de Commerce et des Sociétés Luxembourg) on 26 October 2018 under number B228676. The Company has its registered address at 155 Rue Cents, L-1319, Luxembourg.

The issued and fully paid share capital of the Company as at 31 December 2022 was EUR 12,297 divided into 12,297 shares with nominal value of EUR 1 each.

The consolidated financial statements of Vivion are included in the consolidated financial statements of Toriase Public Company Limited (address: 24 Peiraios, 1st floor, flat/office 101, Strovolos, 2023, Nicosia, Cyprus), being the largest and smallest body of which Vivion forms part as subsidiary.

Important events in 2022 and future developments

A. On 31 December 2020 a subsidiary of the Group has engaged with Aggregate Holdings SA ("**Aggregate**") in a contract for the sale of a group of subsidiaries holding an asset complex in the center of Berlin ("**Project Fürst**") through a share deal. The completion of the transaction occurred in June 2021. The consideration for the sale of the shares was settled in cash and financial instruments. The total consideration was ca. EUR 876 million comprising of EUR 156 million in cash and EUR 720 million in financial assets (EUR 220 million of 5.5% 2024 Aggregate Holdings SA bonds (the "**Traded bonds**") and EUR 500 million Project Lietzenburger Strasse PropCo S.à r.l November 2023 bonds (the "**Non-traded bonds**")).

   Out of the Non-traded bonds ca. EUR 151 million was settled in cash repayments until 31 December 2021. In March 2022, the Group sold to a third party the remaining Non-Traded bonds with a book value of EUR 336.9 million (which comprises with a Nominal amount of EUR 352.8 million and an Estimated Credit Losses (ECL) of EUR 15.9 million, that were booked already in 2021). The total consideration was EUR 321 million (the "**Total Purchase Price**").

   The difference between the book value of the Non-traded bonds and the Total Purchase Price was recorded as financial expense/loss in the statement of profit or loss.

   The Total Purchase Price was settled by an immediate cash payment of ca. EUR 112.3 million which has been received by the Group in March 2022 and by a deferred payment of ca. EUR 208.7 million (the "Deferred Payment") carrying a 2% interest rate. The security package for the Deferred Payment included a full pledge over all the sold Non-traded bonds.

In December 2022, the Group received EUR 162.4 million (including EUR 3.1 million accrued interest and EUR 500 thousand interest paid in advance for the unpaid amount of EUR 50 million, representing a rate of 4% p.a.). The remaining outstanding amount of EUR 50 million as of 31 December 2022 was received after the Reporting Date (see Note 27.3).

In September 2022, the Group settled with Aggregate Holdings SA nominal EUR 196 million out of the total of nominal EUR 220 million of the Traded bonds through acquisition of an entity holding an asset located in the Quartier Heidestrasse ("**QH**") project in central Berlin. Upon acquisition, the asset ("**QH Core**") had a total Gross Asset Value of approximately EUR 330 million. Net Asset Value of ca. EUR 196 million, with asset level debt of EUR 130 million with attractive debt terms of 3M Euribor + 1.45% interest, with Euribor capped at 1.2% and maturity in 2030. The asset is newly built, 94% occupied and located in a prime location in Berlin.

The remaining Traded bonds, with a nominal amount of EUR 23 million, were supposed to be settled through the acquisition of the asset QH Spring. In January 2023 the conditions precedent that was agreed in the SPA with Aggregate Holdings SA, were not met and the acquisition was not completed.

B. On 1 June 2022, a US-based investor, Bow Street Special Opportunities XVIII SPV Cayman, LLC (the "**Investor**") made a 4.18% investment in the Company, through shares and shareholder loans. Subsequently to its first investment in June, the Investor acquired from Vivion Holdings, additional 5.82% of the Company's shares and shareholder loans (the "**Investor Loans**"). As of the reporting date the Investor holds 10% from the shares and shareholder loans of the Company.

The Investor invests in long term, buy and hold investments, across public and private securities, on behalf of institutional investors and family offices globally. The Investor's strategy is to hold its investments for long duration, add value where possible and work collaboratively, as a partner, with the investee and its management. This investor brings significant capital market knowledge, real estate expertise and a distinguished track record. Together with its existing shareholders, the Company is confident that this Investor will further support the Company in achieving its strategic goals.

The Investor Loans bear 5.15%-5.50% annual interest rate, payable in the 10th anniversary year. In addition, the Group may, occasionally at its sole discretion, subject to 7 days' notice, convert the loan into its own ordinary shares according to a conversion price which reflects the Group's share capital value based on external valuation report as of the date of conversion. It was also agreed that the Group at its sole discretion has the right to prepay the loan at any time subject to 3 days' notice, or to extend the loan term by additional five years. The Shareholder loan provided from Vivion Holdings S.à r.l. to the Group holds the same terms and conditions as the loans provided by the Investor to the Group.

Any prepayment or conversion of the Investor Loans may be executed only on a pro rata basis according to each shareholder stake in the Group.

Loans from Shareholders, including the Investor, are unsecured and subordinated to the other Group debt to third parties.

C. During the reporting period the Group performed a buy-back of its own issued unsecured bonds in a nominal amount of EUR 71.9 million (EUR 46.4 million from the 3% 2024 Bonds; EUR 25.5 million from the 3.5% 2025 Bonds), which resulted in a profit of EUR 2.6 million.

D. In November 2022, the Group established a EUR 1,000 million Euro Medium Term Note Programme (the "**EMTN Programme**"). The EMTN Programme allows the Group to opportunistically access favorable bond market windows in a timely manner, optimize its long-term cost of funding and provides flexibility to take advantage of potential acquisition opportunities.

Establishing the Board of Managers
The table below lists the current members of the Company's Board of Managers:

Name of manager	Initial appointment	End of current term
Akiva Katz	1 June 2022	Appointed for indefinite period of time
Sascha Hettrich	4 July 2019	Appointed for indefinite period of time
Ella Zuker	4 July 2019	Appointed for indefinite period of time
Oliver Wolf	21 November 2018	Appointed for indefinite period of time
Jan Fischer	21 November 2018	Appointed for indefinite period of time

Appointment of auditor
KPMG Audit S.à r.l., Luxembourg was appointed as the auditor of the Company for the financial year ended 31 December 2022.

Future developments
The Group intends to further pursue its strategy of optimizing the portfolio management of its hotel and commercial properties and to optimize its debt maturity profile. The Group's primary strategy is to generate rental income from long-term leases set at stable rental levels, leased to high-quality tenants. The Group strives to maximise this top-line growth through proactive asset management, marketing efforts and leveraging the location of its assets. The implementation of the strategy is sought through vigilant asset management, including control, monitoring and active portfolio management of the Group's real estate portfolio. Through this, the Group aims to protect and further optimize the overall quality and profitability of its portfolio.

Review of the Group's business and financial position

In 2022, the Group's investment properties produced revenues of EUR 233 million, an increase of 17% compared to 2021 revenues. The increase was mainly attributable to:

- New acquisitions;
- New rental agreements and extensions in the German portfolio;
- Indexation of rents across Germany and UK portfolios;
- The disposal of the remaining hotel operations, in the second half of 2021 and subsequently entering into rental agreements for the two London hotels acquired in 2020, contributed positively to 2022 revenues in comparison to 2021;
- Upward adjustments of the Service charge income of charges for existing tenants.

The Group recognized revaluation losses of EUR 317 million (-7.4%) across the portfolio, mainly as a result of market conditions.

The Group's property operating expenses in 2022 amounted to EUR 27.5 million (2021: EUR 21.3 million), shows an increase of 29%, mainly as a result of the new acquisitions completed in 2022 that also positively contributed to the revenues.

General and administrative expenses amounted to EUR 18.6 million in 2022 compared to EUR 16.2 million in 2021, an absolute increase of EUR 2.4 million, caused mainly by higher legal and professional services than in 2021.

Total interest expense to third parties in 2022 amounted to EUR 78 million (2021: EUR 64 million). The increase is mainly driven by the additions of EUR 197 million secured debt and the annualized effect of the 340 million bond tap that occurred in July 2021, and set off by secured debt repayments in the amount of EUR 41.7 million. Furthermore, rising variable interest rates contributed to the increase in the interest expense, although this trend was balanced due to the interest rates hedging instruments. As 97% of total debt is either fixed or hedged through a cap or swap instrument (see Note 12 for more detail on the various interest derivatives), the impact of the rising variable rate on the interest expense was limited.

Interest income from third parties of EUR 17 million relates primarily to the interest received following the disposal of Project Fürst from the Traded and Non-Traded bonds.

Interest expenses on shareholders' loans and on loans from non-controlling interests amount to EUR 63 million (2021: EUR 61 million). Interest expenses on Shareholders' loans and loans from non-controlling interests are accrued and are only payable on the 10th anniversary year of the loan (see Note 14).

The Group generated an operating profit, adjusted for valuation gains or losses, profit or loss on disposals and results of equity-accounted investees of EUR 187 million (2021: EUR 162 million), an increase of 15.4%. The increase is attributed mainly to the increase in revenues as described above.

As at 31 December 2022, the Group's Investment property portfolio had a fair value of EUR 3,800 million (31 December 2021: EUR 3,588 million) excluding investment property classified as held for sale and a fair value of EUR 3,980 million (31 December 2021: EUR 3,651 million) including investment property classified as held for sale. The changes in the Group's portfolio is attributed mainly to the new acquisitions and Capex, set off by devaluation and by currency effect.

As at 31 December 2022, the Group had total Assets of EUR 5,203 million (31 December 2021: EUR 5,316 million), a decrease of 2.1%.

As at 31 December 2022, the Group had secured loans from credit institutions and third parties in amount of EUR 835 million (31 December 2021: EUR 707 million) and senior unsecured bonds of EUR 1,444 million (as at 31 December 2021: EUR 1,501 million).

The consolidated cash position amounts to EUR 839 million as of 31 December 2022 (31 December 2021: EUR 803 million).

Principal risks and uncertainties

The Group applies policies for overall risk management, and there are Group policies covering specific areas such as credit risk, liquidity risk, market risks, operational risks and more. A more detailed description of financial risk management is available in Note 26 to these consolidated financial statements.

Environmental information

The Company identifies climate change as a risk to its business, not to mention the planet as a whole. By making the objective of climate change mitigation a key driver in long term strategic decision making, the Company will do its part to address this issue, creating long-term value opportunities in the process.

Environmental factors are integral to the Company's business and are included in the day-to-day business, investment strategy, due diligence process and part of the business plans. The Company continuously seeks for possibilities to improve its sustainable performances over the real estate assets whilst reducing its overall carbon footprint and mitigating climate change risks factors. Environmental risk assessments are regularly conducted, that include all aspects of environmental management.

Geopolitical situation around Russia – Ukraine conflict

On 24 February 2022, the Russian Federation started moving military forces into the Ukraine, initiating a full-scale invasion. As of the date of this report, hostilities continue. In a reaction to the Russian invasion, many countries and organizations have announced sanctions against Russia, Russian companies and individuals. These sanctions have resulted in increased volatility in financial markets and commodities, in particular energy prices. The Group is not directly impacted by the conflict as it has no direct exposure to Ukraine or Russia.

Inflation and Interest rates impact

In 2022 inflationary pressures have increased, particularly on energy costs, which on the one hand side have an impact on the operating costs of the Group, but on the other hand side have been recharged to tenants. Furthermore, high level of inflation have impacted interest rates, which impacted the Group's variable interest loans, although major portion of the loans is hedged with either cap or rate swap instruments to recover the higher interest expenses.

Corporate Governance

As a private company, the Company is not subject to mandatory corporate governance regulations. However in order to enhance the standards of corporate governance, the Company established a governance framework that is drawn up with due observance of the 'Ten Principles of Corporate Governance of the Luxembourg Stock Exchange'. Committees are constituted to examine and advice the Board of Managers on specific topics. For instance an Advisory Board to enhance a standard of internal supervision of and advice to the Board of Managers. Furthermore, the Board of Managers has full discretion to establish the committees that it deems useful, appoint, and dismiss their members and to determine their organisation, responsibilities, powers and procedures in internal regulations adopted by way of a resolution. Committees have no powers to represent the Company towards third parties under the Articles of Association or by law. They provide non-binding expert advice and assistance to the Board of Managers.

Important events after the balance sheet date

In January 2023, the Company successfully refinanced a secured debt facility associated with part of its UK portfolio. The outstanding facility as at 31 December 2022 of GBP 254 million (EUR 282 million) has been fully prepaid using its own liquidity and a new GBP 200 million senior secured facility that had been entered into, bearing an interest of 3.95% + 5 year Sonia, maturing in October 2027.

In January 2023, as also described above, the Condition Precedent that were related to the acquisition of QH Development 2 GmbH & Co. KG ("QH Spring") were not met and the acquisition did not occur.

In March 2023, the Group received the remaining EUR 50 million in respect of the Deferred Payment outstanding amount (presented under Other short-term assets) from the sale of the Non-traded bonds. Following this payment there are no more pending Deferred Payments that relate to the sale of the Non-traded bonds.

In addition to the buy-back that was performed in 2022 (as described above), in 2023 the Group performed additional buy-back of its own issued unsecured bonds in a nominal amount of EUR 26 million (EUR 20 million from the 3% 2024 Bonds; EUR 6 million from 3.5% 2025 Bond), resulting in a total buy-back of EUR 97.9 million as of the Report date.

Signed on 28 April 2023 by:

Oliver Wolf, Director   *Jan Fischer, Director*

KPMG Audit S.à r.l.
39, Avenue John F. Kennedy
L-1855 Luxembourg

Tel.: +352 22 51 51 1
Fax: +352 22 51 71
E-mail: info@kpmg.lu
Internet: www.kpmg.lu

To the Shareholders of
Vivion Investments S.à r.l.
155, rue Cents
L-1319 Luxembourg
Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the consolidated financial statements

Opinion

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

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

Basis for opinion

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

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the consolidated report including the consolidated management report but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers and Those Charged with Governance for the consolidated financial statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable.

Report on other legal and regulatory requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Luxembourg, 28 April 2023

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

Thomas Gruenwald
Partner

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

	Note	31 December 2022	31 December 2021
		EUR thousands	
Non-current assets			
Investment property	6	3,800,008	3,587,888
Advance payments for investment property	6d	2,958	80,380
Derivatives	26.2.1	32,245	-
Investment in and Loans to equity-accounted investees	7	50,267	49,997
Restricted bank and other deposits	26	26,279	40,676
Loans and other long-term assets	26.1	66,149	57,965
Total non-current assets		**3,977,906**	**3,816,906**

Current assets			
Trade and other receivables	10	86,723	57,098
Income tax receivables		5,117	1,826
Financial assets	26	60,902	571,327
Other short-term assets	8	50,920	3,151
Cash and cash equivalents	26.3.5	839,102	803,317
		1,042,764	**1,436,719**
Assets held for sale	9	182,637	62,860
Total current assets		**1,225,401**	**1,499,579**

Total assets		**5,203,307**	**5,316,485**

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

Equity and liabilities

	Note	31 December 2022	31 December 2021
		EUR thousands	
Equity			
Issued share capital		12	12
Share premium reserve	11.A	173,010	154,030
Retained earnings		345,764	570,341
Other reserves		(10,697)	46,481
Total equity attributable to owners of the Company		**508,089**	**770,864**
Non-controlling interests	11.B	454,906	484,274
Total equity		**962,995**	**1,255,138**

Liabilities

	Note	31 December 2022	31 December 2021
Non-current liabilities			
Bonds	13	1,261,407	1,325,016
Loans and borrowings	12	542,355	691,187
Convertible bond	13	182,343	175,648
Deferred tax liabilities	23	229,030	281,711
Long-term lease liabilities	18.A	81,404	79,363
Liability for sale and leaseback transaction		63,086	64,048
Derivative financial liabilities	26	42,445	32,452
Tenant deposits		3,826	2,269
Loans from Shareholders	14	846,104	803,362
Loans from non-controlling interests	14	604,830	527,168
Total non-current liabilities		**3,856,830**	**3,982,224**
Current liabilities			
Trade and other payables	16	46,285	25,145
Income tax payables		5,344	6,377
Other short-term liabilities	17	36,395	32,251
Current portion of loans from credit institutions	12	292,431	15,350
		380,455	**79,123**
Liabilities held for sale	9	3,027	-
Total current liabilities		**383,482**	**79,123**
Total liabilities		**4,240,312**	**4,061,347**
Total liabilities and equity		**5,203,307**	**5,316,485**

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

Oliver Wolf, Director *Jan Fischer, Director*

Date of approval of the consolidated financial statements: **28 April 2023**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Note	For the year ended 31 December 2022	For the year ended 31 December 2021
		EUR thousands	
Revenues	19	**232,994**	**199,627**
Property revaluations and capital gains (losses)	6	(325,370)	281,054
Share in profit (loss) from investment in equity-accounted investees	7	(10,418)	19,725
Property operating expenses	20	(27,501)	(21,300)
General and administrative expenses	21	(18,560)	(16,181)
Operating profit (loss)		**(148,855)**	**462,925**
Interest expenses to third parties	22	(78,117)	(63,984)
Interest income from third parties	22	17,780	17,339
Other finance expenses	22	(14,039)	(19,030)
Change in short-term financial instruments and derivatives	22	(56,066)	(26,149)
Interest expense on shareholders' and non-controlling interest loans	22	(62,699)	(60,506)
Profit (loss) before tax		**(341,996)**	**310,595**
Current tax expense	23	(19,115)	(23,273)
Deferred tax (expense) income	23	43,954	(97,990)
Profit (loss) for the year		**(317,157)**	**189,332**
Attributable to:			
Owners of the Company		(224,577)	148,555
Non-controlling interests		(92,580)	40,777
		(317,157)	**189,332**

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Note	For the year ended 31 December 2022	For the year ended 31 December 2021
		EUR thousands	
Profit (loss) for the year		**(317,157)**	**189,332**
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:			
Net change in fair value of financial assets at fair value through other comprehensive income	26.3.1	(69,516)	(21,539)
Net change in fair value of financial assets at fair value through other comprehensive income that was transferred to profit or loss	26.3.1	79,644	-
Foreign currency translation reserve		(62,396)	69,597
Other comprehensive income (loss)		**(52,268)**	**48,058**
Total comprehensive income (loss) for the year		**(369,425)**	**237,390**

Attributable to:			
Owners of the Company		(281,755)	207,055
Non-controlling interests	11.B	(87,670)	30,335
		(369,425)	**237,390**

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

Oskar-Jäger-Straße, Cologne

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the year ended 31 December 2022	For the year ended 31 December 2021
		EUR thousands	
Cash flows from operating activities			
Profit (loss) for the year		**(317,157)**	**189,332**
Adjustments to profit (loss):			
Property revaluations and capital (gains) losses	6.A	325,370	(281,054)
Change in short-term financial instruments and derivatives	22	56,066	26,149
Net finance expense	22	137,075	126,181
Tax expense (income)	23	(24,839)	121,263
Share in loss (profit) from investment in equity-accounted investees	7	10,418	(19,725)
Change in trade and other receivables		(15,505)	(16,277)
Change in trade and other payables		856	(8,764)
Taxes paid		(19,748)	(19,324)
Other changes		-	(7,396)
Net cash from operating activities		**152,536**	**110,385**

Cash flows from investing activities			
Purchase of investment properties	6.C	(140,084)	(17,886)
Capital expenditure on investment properties		(18,489)	(31,569)[1]
Acquisition of subsidiary, net of cash acquired		(51,028)	-
Disposal of subsidiary, net of cash disposed		-	204,581
Proceeds from disposals of investment properties		12,791	38,400
Advances in respect of investment properties	6.D	37,102	65,415
Proceeds from financial assets		278,629	135,216
Change in restricted bank and other deposits		(8,153)	10,018
Investment in and loans granted to equity		(9,111)	(11,714)
Investment in traded securities and other financial assets, net		(78,150)	(69,802)
Net cash from investing activities		**23,507**	**322,659**

[1] Capital Expenditure in the amount of EUR 17.2 million is related to a portfolio of assets sold in 2021.

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	Note	For the year ended 31 December 2022	For the year ended 31 December 2021
		EUR thousands	
Cash flows from financing activities			
Proceeds from sale-and-leaseback of freehold rights		-	59,439
Repayment of secured loans and borrowings	15	(41,774)	(117,904)
Proceeds from issuance of shares, net	11	18,980	-
Proceeds from issuance of senior unsecured bonds, net		-	348,151
Proceeds from shareholders' loans, net		29,224	1,923
Repayments of shareholders' loans		-	(109,714)
Payment of debt issuance costs		-	(1,923)
Interest paid		(73,860)	(69,360)
Buy-back of corporate bonds	15	(67,452)	-
Net cash from (used in) financing activities		**(134,882)**	**110,612**

Net increase in cash and cash equivalents		**41,161**	**543,656**
Cash and cash equivalents as at the beginning of the year		803,317	257,508
Effect of exchange rate differences on cash and cash equivalents		(4,718)	2,153
Cash classified as held for sale		(658)	-
Cash and cash equivalents as at the end of the year		**839,102**	**803,317**

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

Non-cash financing activities

1. In June 2022, the Group received an acquisition financing of approximately EUR 67 million (see Note 6.C.3).

2. In September 2022, the Group completed an acquisition of subsidiary with a consideration of approximately EUR 196 million settled in traded bonds (see Note 6.C.5).

3. In 2022, the Group repaid GBP 20 million (EUR 22.5 million) of secured loans from a deposit account.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Note	Attributable to owners of the Company							
		Issued share capital	Share pre-mium reserve	Financial assets at fair value through other compre-hensive income reserve	Foreign currency trans-lation reserve	Retained earnings	Total	Non-cont-rolling interests	Total equity
		EUR thousands							
Balance as at 1 January 2022		**12**	**154,030**	**(11,097)**	**57,578**	**570,341**	**770,864**	**484,274**	**1,255,138**
Total comprehensive income (loss)									
Loss for the year		-	-	-	-	(224,577)	**(224,577)**	(92,580)	**(317,157)**
Other compre-hensive income (loss)		-	-	5,218	(62,396)	-	**(57,178)**	4,910	**(52,268)**
Total compre-hensive income (loss) for the period		**-**	**-**	**5,218**	**(62,396)**	**(224,577)**	**(281,755)**	**(87,670)**	**(369,425)**
Transactions with owners, recognized directly in equity									
New shares issued	11.A	*	18,980	-	-	-	**18,980**	-	**18,980**
Acquisition of subsidiaries		-	-	-	-	-	**-**	58,302	**58,302**
Balance as at 31 December 2022		**12**	**173,010**	**(5,879)**	**(4,818)**	**345,764**	**508,089**	**454,906**	**962,995**

* Less than EUR 500.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Note	Attributable to owners of the Company							
		Issued share capital	Share premium reserve	Financial assets at fair value through other compre-hensive income reserve	Foreign currency trans-lation reserve	Retained earnings	Total	Non-cont-rolling interests	Total equity
		EUR thousands							
Balance as at 1 January 2021		**12**	**154,030**	**-**	**(12,019)**	**421,786**	**563,809**	**500,540**	**1,064,349**
Total comprehensive income									
Profit (loss) for the year		-	-	-	-	148,555	**148,555**	40,777	**189,332**
Other compre-hensive income (loss)		-	-	(11,097)	69,597	-	**58,500**	(10,442)	**48,058**
Total compre-hensive income (loss) for the period		**-**	**-**	**(11,097)**	**69,597**	**148,555**	**207,055**	**30,335**	**237,390**
Transactions with owners, recognized directly in equity									
Acquisition of subsidiaries		-	-	-	-	-	**-**	2,745	**2,745**
Disposal of subsidiaries		-	-	-	-	-	**-**	(50,635)	(50,635)
Sale of shares in subsidiaries to non-controlling interests		-	-	-	-	-	**-**	1,289	**1,289**
Balance as at 31 December 2021		**12**	**154,030**	**(11,097)**	**57,578**	**570,341**	**770,864**	**484,274**	**1,255,138**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – GENERAL

A. Reporting entity and relationship with Parent company

The consolidated financial statements of Vivion Investments S.à r.l. and its subsidiaries (collectively, the "Group") for the year ended 31 December 2022 were authorized for issue by the Company's Board of Managers on 28 April 2023 (the "**Report Approval Date**").

Vivion Investments S.à r.l., (the "**Company**", "**Group**" or "**Vivion**") was formed in Luxemburg on 19 October 2018 and was registered with the Luxembourg Register of Trade and Companies (Registre de Commerce et des Sociétés Luxembourg) on 26 October 2018 under number B228676. The Company has its registered address at 155 Rue Cents, L-1319, Luxembourg.

The issued and fully paid share capital of the Company as at 31 December 2022 was EUR 12,297 (2021: EUR 12,002) divided into 12,297 shares (2021: 12,002 shares) with nominal value of EUR 1 each. The Company is a directly held subsidiary of Vivion Holdings S.à r.l. ("**Vivion Holdings**" or the "**Parent Company**") a company incorporated in Luxembourg (31 December 2022: 90%; 31 December 2021: 100%). The Group is included in the consolidated financial statements of Toriase Public Company Ltd. with registered office in 24 Pireos, 1st floor, office 101, 2023, Strovolos, Nicosia, Cyprus, forming the largest body of undertaking consolidating the Group. On 1 June 2022, a US-based investor, Bow Street Special Opportunities XVIII SPV Cayman, LLC (the "Investor") made a 4.18% investment in the Company, through shares and shareholder loans. Subsequently to its first investment in June, the Investor acquired from Vivion Holdings, additional 5.82% of the Company's shares and shareholder loans (the "Investor Loans"). As of the reporting date the Investor holds 10% from the shares and shareholder loans of the Company.

Vivion is a commercial real estate group, focusing on the ownership, management, improvement and selective acquisition and disposal of properties primarily in the United Kingdom and Germany.

As at 31 December 2022 Vivion indirectly held 51.5% (2021: 51.5%) of the share capital of Golden Capital Partners S.A. ("**Golden**") and a 100% (2021: 100%) interest in Luxembourg Investment Company 210 S.à r.l. ("**LIC 210**").

The rating agency S&P Global Ratings ('S&P') assigned the Company a "BB" rating and a "BB+" rating to the 2024 and 2025 Senior Notes in September 2019. The Company's rating remains unchanged since its initial rating was received. In January 2023, S&P revised the Outlook from Stable to Negative.

Geopolitical situation around Russia – Ukraine conflict

On 24 February 2022, the Russian Federation started moving military forces into the Ukraine, initiating a full-scale invasion. As of the date of this report, hostilities continue. In a reaction to the Russian invasion, many countries and organizations have announced sanctions against Russia, Russian companies and individuals. These sanctions have resulted in increased volatility in financial markets and commodities, in particular energy prices. The Group is not directly impacted by the conflict as it has no direct exposure to Ukraine or Russia.

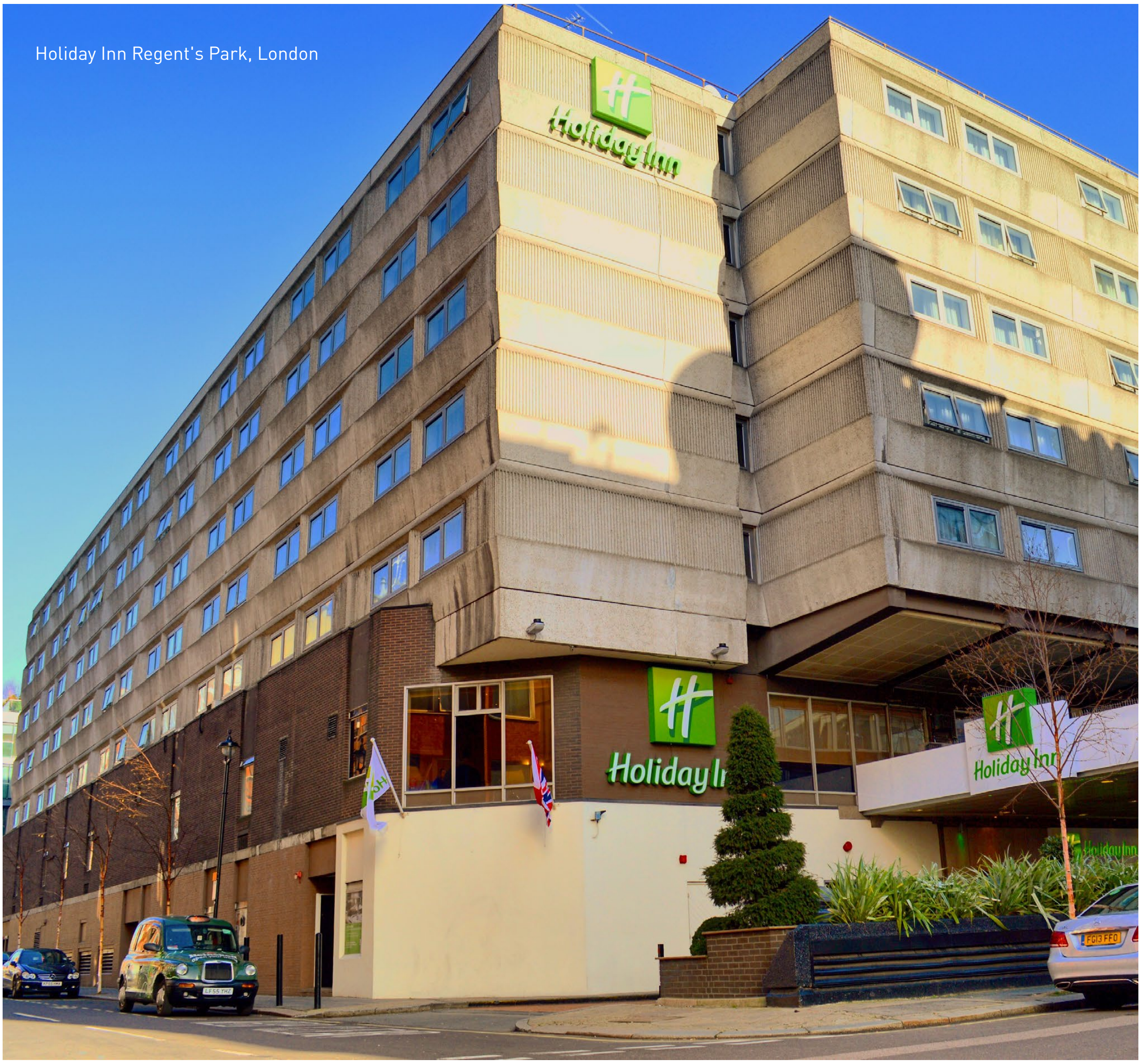
Inflation and Interest rates impact

In 2022, inflationary pressures have increased, particularly on energy costs, which on the one hand side have an impact on the operating costs of the Group, but on the other hand side have been recharged to tenants. Furthermore, high level of inflation have impacted interest rates, which impacted the Group's variable interest loans, although major portion of the loans is hedged with either cap rate or swap rate instruments to recover the higher interest expenses.

B. Definitions

In these consolidated financial statements

(1) The Company – Vivion Investments S.à r.l.;
(2) The Group – The Company and its subsidiaries;
(3) Subsidiaries – Companies, including joint ventures, the financial statements of which are fully consolidated, directly or indirectly, with the consolidated financial statements of the Company;
(4) Parent – Vivion Holdings S.à r.l.;
(5) Investee companies – Subsidiaries and companies, including a partnership or joint venture, the Company's investment in which is stated, directly or indirectly, on the equity basis;
(6) Related party – Within its meaning in IAS 24 (2009), "Related Party Disclosures";
(7) Reporting Date – 31 December 2022;
(8) Reporting Period – the period started on 1 January 2022 and ended on 31 December 2022;
(9) Report Date – the date on which these Consolidated Financial Statements were approved.



Holiday Inn Regent's Park, London

NOTE 2 – BASIS OF PREPARATION

A. Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS). IFRS as adopted by the EU are IFRS Standards and IFRS Interpretations as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC).

B. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

- Investment properties measured at fair value;
- Financial instruments, derivatives and other assets and liabilities measured at fair value through profit or loss;
- Financial instruments measured at fair value through other comprehensive income;
- Investments in associates and joint ventures measures using the equity method;
- Deferred tax assets and liabilities measured at the amount expected to be paid to (to be recovered from) the tax authorities using the tax rates that have been enacted or substantially enacted by the end of the reporting period;
- Assets and liabilities classified as held for sale measured at fair value.

C. Functional and presentation currency

The consolidated financial statements are presented in EUR, which is the Company's functional currency, and have been rounded to the nearest thousands, except when otherwise indicated.

The EUR is the currency that represents the principal economic environment in which the Company operates.

D. Cash flow statements

The Group reports cash flows from operating activities using the indirect method. Interest received is presented within investing cash flows; interest paid is presented within financing 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.

E. Use of judgements and estimates

The preparation of consolidated financial statements in conformity with IFRSs requires management to exercise judgment when making the assessments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Management of the Company prepares the estimates on the basis of past experience, various facts, external circumstances, and reasonable assumptions according to the pertinent circumstances of each estimate. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Business combinations – Note 3.A

The Group acquires subsidiaries that own real estate. Upon the acquisition of such a subsidiary, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities and assets, including property, is acquired. More specifically, consideration is given to the extent to which significant processes are acquired and, in particular, the extent of services provided by the subsidiary (e.g. maintenance, cleaning, security, bookkeeping, hotel services, etc.).

When the acquisition of a subsidiary does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair value, and no goodwill or deferred tax is recognized.

In 2022, there were no significant judgements related to business combinations.

Classification of investment property – Note 3.E

The Group acquires subsidiaries that own real estate to earn rental income or for capital appreciation, or both. When upon acquisition of a subsidiary, this subsidiary owns the investment property, but also earns income from operational activities, such as is the case in certain hotel operations, the Group's intention is to split these operations from the property ownership and install a third-party operator for the operations of the hotel. As the Group's involvement in these operations is expected to be short-term, the Group classifies the hotels as investment property with subsequent measurement at fair value.

Financial instruments – Note 3.C.VII

When issuing a complex financial instrument (i.e. a convertible bond), the Group uses judgement to determine the classification of the instrument's components as a financial liability or an equity instrument and examines, inter alia, whether the settlement is by exchanging a fixed amount of cash or other financial assets for a fixed number of the entity's equity instruments. In addition, the Group also examines whether the complex instrument includes an embedded derivative (e.g. a call option) which is not closely related to the host contract and requires separation and measurement at fair value through profit or loss.

Control analysis

The Group exercises judgment in examining control over investees. For the purpose of this assessment, the Group examines the structure and characteristics of the investee companies, the relevant activities and shareholder agreements in these companies, as well as potential voting rights. In accordance with this examination, the Group exercises discretion as to whether it has the current ability to direct relevant activities in the investees, whether its rights in these companies are substantial and provide power over the investee and whether it has the ability to use its power to affect the returns from its investment. Determining the existence of control may affect the consolidation of the assets, liabilities and results of operations of the investee companies.

Significant influence analysis

The Group exercises judgment in examining significant influence over investees. For the purpose of this assessment, the Group examines its voting rights in the investee, whether it has board representation, the relative size and dispersion of the holdings of other shareholders and the existence of potential voting rights that are currently exercisable or convertible. In accordance with this examination, the Group exercises discretion as to whether it has power to participate in the financial and operating policy decisions of the investee. Determining the existence of significant influence may lead to equity accounting regarding the investee's assets, liabilities and results of operations.

Property lease classification

The Group enters into property leases on its investment properties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease terms not constituting a major part of the economic life of the investment properties and the present value of the minimum lease payments not amounting to substantially all of the fair value of the properties, that it retains substantially all the risks and rewards incidental to the ownership of these investment properties and accounts for them as operating leases.

Notes are presented, to the extent practicable, in a systematic order and are cross-referenced to/from items in the primary statements. In determining a systematic manner of presentation, the Company considers the effect on the understandability and comparability of the consolidated financial statements. The Group has applied judgement in presenting related information together in a manner that it considers to be most relevant to an understanding of its financial performance and financial position.

Assumptions and estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Valuation of investment properties – Note 3.E

In accordance with its policy, the Group periodically examines the values of its investment property. Such examination is performed at least once a year by independent external appraisers having appropriate professional qualifications and knowledge with respect to the relevant location and the type of property appraised.

At least once a year, the Group performs valuations for each property. In addition, at each reporting period the Group examines the need to update the last valuation performed, to ensure it represents a reliable value estimation as of the current reporting period. This examination is made by reviewing the changes in the macro-economic environment in terms of cap rates and market rent, leases' terms, updated information in respect of material transactions made in the same areas and any other information that may affect the value of the asset.

Uncertain tax positions – Note 3.G

Judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. 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.

In 2022, there were no significant judgements related to uncertain tax positions.

Fair value measurement of non-trading derivatives – Note 26
Unobservable inputs used in the valuation model. For information on a sensitivity analysis of level 3 financial instruments carried at fair value see Note 26 regarding financial instruments.

Assessment of expected credit losses – Note 26
When testing financial assets measured at fair value through other comprehensive income and financial assets at amortized cost for impairment, the Group assesses whether the credit risk attributable to the financial asset has increased significantly since its initial recognition, and uses forward-looking information to measure expected credit losses. Possible effect is an increase or decrease in the amount of the loss allowance for expected credit loss of financial asset at amortized cost or at fair value through other comprehensive income.

Impairment of Investments in Associates and Joint arrangements – Note 7
The Group periodically evaluates the recoverability of investments in associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of the investment is not recoverable. If facts and circumstances indicate that investment in associates may be impaired, the recoverable amount associated with this investment (being the higher of fair value less costs of disposal and value in use, that is the present value of the future cash flows expected to be derived from the investment) would be compared to its carrying amounts to determine if a write down to fair value is necessary.

Property leases - estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in leases where it is the lessee, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available.

Measurement of fair values
A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 6 – Investment property;
- Note 26 – Financial instruments.

F. Financial reporting period

These consolidated financial statements cover the year 2022, which ended at the balance sheet date of 31 December 2022.

G. Going concern

The consolidated financial statements have been prepared on a going concern basis, as assessed by the management.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

A. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if it has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement, with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income ("**OCI**") are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

I. Business combinations

The Group implements the acquisition method to all business combinations. The acquisition date is the date on which the acquirer obtains control over the acquiree. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the acquiree and it has the ability to affect those returns through its power over the acquiree. Substantive rights held by the Group and others are taken into account when assessing control.

A business is defined as an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors or lower costs or other economic benefits directly and proportionately to policyholders or participants. A business generally consists of inputs, processes applied to those inputs, and resulting outputs that are, or will be, used to generate revenues. If goodwill is present in a transferred set of activities and assets, the transferred set is presumed to be a business.

Accounting for Business combinations
The Group may elect to apply the optional concentration test in IFRS 3 to assess whether an acquisition must be accounted for as a business combination. When substantially all of the fair value of the gross assets acquired is concentrated in a single asset (or a group of similar assets), the transaction is accounted for as an asset acquisition. The consideration paid is allocated to the identifiable assets and liabilities acquired on the basis of their relative fair values at the acquisition date. When an acquisition does not satisfy the concentration test and the acquired set of activities meets the definition of a business, the Group applies the acquisition method of accounting.

The Group recognizes goodwill on acquisition according to the fair value of the consideration transferred including any amounts recognized in respect of rights that do not confer control in the acquiree as well as the fair value at the acquisition date of any pre-existing equity right of the Group in the acquiree, less the net amount of the identifiable assets acquired and the liabilities assumed.

On the acquisition date the acquirer recognizes a contingent liability assumed in a business combination if there is a present obligation resulting from past events and its fair value can be reliably measured.

If the Group pays a bargain price for the acquisition (meaning including negative goodwill), it recognizes the resulting gain in profit or loss on the acquisition date. Furthermore, goodwill is not adjusted in respect of the utilization of carry-forward tax losses that existed on the date of the business combination.

The consideration transferred includes the fair value of the assets transferred to the previous owners of the acquiree, the liabilities incurred by the acquirer to the previous owners of the acquiree and equity instruments that were issued by the Group. In a step acquisition, the difference between the acquisition date fair value of the Group's pre-existing equity rights in the acquiree and the carrying amount at that date is recognized in profit or loss under other income or expenses. In addition, the consideration transferred includes the fair value of any contingent consideration. After the acquisition date, the Group recognizes changes in the fair value of contingent consideration classified as a financial liability in profit or loss, whereas contingent consideration classified as an equity instrument is not re-measured.

Costs associated with the acquisition that were incurred by the acquirer in the business combination such as: finder's fees, advisory, legal, valuation and other professional or consulting fees, other than those associated with an issue of debt or equity instruments connected to the business combination, are expensed as incurred and included in administrative expenses.

II. Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

All the Group's companies have 31 December as their year-end. Consolidated financial statements are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Intercompany transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated, except where there are indications of impairment.

III. Non-controlling interests
Non-controlling interests comprise the equity of a subsidiary that cannot be attributed, directly or indirectly, to the Parent company.

IV. Allocation of profit or loss and other comprehensive income to the shareholders
Profit or loss and any part of other comprehensive income are allocated to the owners of the Company and the non-controlling interests. Total profit or loss and other comprehensive income is allocated to the owners of the Company and the non-controlling interests even if the result is a negative balance of non-controlling interests.

V. Loss of control
When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

VI. Transactions eliminated on consolidation
Intra-group balances and transactions and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in these investments. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

VII. Acquisitions of a property company
Where property is acquired, via corporate acquisitions or other, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. The basis of the judgment is set out in Note 3.

Where such acquisitions are not determined to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the entity or assets and liabilities is allocated between the identifiable assets and liabilities of the entity based on their fair values at the acquisition date.

In the latter case, no goodwill is recognized and no deferred taxes are recognized in respect of the temporary differences existing on the acquisition date.

VIII. Investments in equity-accounted investees and joint arrangements

Investments in equity-accounted investees
An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. A jointly controlled entity is an entity in which two or more parties are bound by a contractual arrangement which gives two or more of those parties joint control of the arrangement

The results and assets and liabilities of associates and equity-accounted investees are incorporated in these consolidated financial statements, using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the consolidated income statement and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assts, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities, and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount; any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When an entity in the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements, however only to the extent of interests in the associate that are not related to the Group.

Investments in joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Company has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Impairment of investment in associates and joint arrangements

An investment in an associate and joint venture is tested for impairment when objective evidence indicates there has been impairment.

Goodwill that forms part of the carrying amount of an investment in an associate or joint venture is not recognized separately, and therefore is not tested for impairment separately.

If objective evidence indicates that the value of the investment may have been impaired, the Group estimates the recoverable amount of the investment, which is the greater of its value in use and its net selling price. In assessing value in use of an investment in an associate or joint venture, the Group either estimates its share of the present value of estimated future cash flows that are expected to be generated by the associate or joint venture, including cash flows from operations of the associate or joint venture and the consideration from the final disposal of the investment, or estimates the present value of the estimated future cash flows that are expected to be derived from dividends that will be received and from the final disposal.

An impairment loss is recognized when the carrying amount of the investment, after applying the equity method, exceeds its recoverable amount, and it is recognized in profit or loss under other expenses. An impairment loss is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment in the associate or in the joint venture.

An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of the investment after the impairment loss was recognized, and only to the extent that the investment's carrying amount, after the reversal of the impairment loss, does not exceed the carrying amount of the investment that would have been determined by the equity method if no impairment loss had been recognized.

B. Foreign currency

The Group's consolidated financial statements are presented in euros, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. They are then translated into the presentation currency of the Group.

I. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss, with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

II. Foreign group companies

On consolidation, the assets and liabilities of foreign group companies are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expense are translated at the rate on the dates of the transactions). The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified in profit and loss.

C. Financial instruments

I. Recognition and initial measurement

The Group initially recognizes trade receivables and debt instruments issued on the date that they are originated. All other financial assets and financial liabilities are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. Generally, a financial asset or financial liability are initially measured at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. A trade receivable without a significant financing component is initially measured at the transaction price.

II. Classification and subsequent measurement

Financial assets

Financial assets are classified at initial recognition to one of the following measurement categories: amortized cost; fair value through other comprehensive income – investments in debt instruments; fair value through other comprehensive income – investments in equity instruments; or fair value through profit or loss.

Financial assets are not reclassified in subsequent periods unless, and only if, the Group changes its business model for the management of financial debt assets, in which case the affected financial debt assets are reclassified at the beginning of the period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at fair value through profit or loss:

- It is held within a business model whose objective is to hold assets so as to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows representing solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated at fair value through profit or loss:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the debt instrument give rise on specified dates to cash flows representing solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above, as well as financial assets designated at fair value through profit or loss, are measured at fair value through profit or loss.

The Group has balances of trade and other receivables, deposits and other financial assets that are held within a business model whose objective is collecting contractual cash flows. The contractual cash flows of these financial assets represent solely payments of principal and interest that reflects consideration for the time value of money and the credit risk. Accordingly, these financial assets are measured at amortized cost.

Financial assets – assessment whether cash flows represent solely payments of principal and interest

For the purpose of examining whether the cash flows represent solely payments of principal and interest, 'principal' is the fair value of the financial asset at initial recognition, 'interest' comprises consideration for the time value of money, for the credit risk attributable to the principal amount outstanding during a certain period of time and for other risks and basic costs of a loan, as well as a profit margin.

In assessing whether contractual cash flows represent solely payments of principal and interest, the Group examines the contractual terms of the instrument, and in this framework assesses whether the financial asset includes a contractual term that may change the timing or amount of the contractual cash flows such that it does not meet the condition. The Group takes into account the following considerations when making this assessment:

- Any contingent events that will change the timing or amount of the cash flows;
- Terms that may change the stated interest rate, including variable interest;
- Extension or early payment characteristics; and
- Terms that restrict the right of the Group to cash flows from specified assets (for example a non-recourse financial asset).

An early payment characteristic is consistent with the solely principal and interest criterion if the amount of the early payment essentially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation, received or paid, for early termination of the contract. Moreover, for a financial asset acquired at a significant premium or discount compared to the contractual stated value, a characteristic that permits or requires early payment at an amount essentially representing the contractual stated value and contractual accumulated unpaid interest (which may include Reasonable compensation, received or paid, for early termination), is consistent with the solely principal and interest criterion if the fair value of the early payment characteristic is insignificant at initial recognition.

Assessment of the business model for debt assets

The Group assesses the objective of the business model within which the financial asset is held on the level of the portfolio, since this best reflects the manner by which the business is managed and information is provided to management. The following considerations are taken into account in the assessment of the Group's business model:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the business model and the financial assets within the model is evaluated and reported to the entity's key management people;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated (for example, whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for the sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for purposes of assessment of the business model, consistent with the Group's continuing recognition of those financial assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis, are measured at fair value through profit or loss.

Financial liabilities

Financial liabilities are classified at initial recognition as financial liabilities and measured at amortized cost or fair value through profit or loss. A financial liability is measured at fair value through profit or loss if it is classified as held for trading, is a derivative instrument or is designated for measurement as such at initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value, with the net gains and losses, including any interest expenses, being recognized in profit or loss. Financial liabilities measured at amortized cost including loans and borrowings and payables are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the effective interest rate. Interest expenses and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swap contracts to hedge its foreign currency and interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any effect of remeasurement is recorded in the statement of profit or loss.

III. Derecognition

Financial assets

Financial asset is primarily de-recognized when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

Financial liabilities are derecognized when the contractual obligation of the Group expires, discharged or cancelled. Furthermore, a substantial modification of the terms of an existing financial liability, or an exchange between an existing borrower and existing lender of debt instruments with substantially different terms, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability at fair value.

The difference between the carrying amount of the extinguished financial liability and the consideration paid (including any non-cash assets transferred or assumed liabilities), is recognized in profit or loss. In the case of an immaterial change in terms (or exchange of debt instruments), the new cash flows are discounted at the original effective interest rate, with the difference between the present value of the financial liability with the new terms and the present value of the original financial liability being recognized in profit or loss.

IV. Subsequent measurement and gains and losses

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest income or dividend income, are recognized in profit or loss (other than certain derivatives designated as hedging instruments).

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Investments in debt instruments at fair value through other comprehensive income

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

V. Offset of financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

VI. Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

VII. Convertible bonds

Liabilities that are convertible to shares at the option of the holder, including a cash settlement option in favor of the Group, are a hybrid instrument that is fully presented as a financial liability. The instrument is split into two components for measurement purposes: a liability component without a conversion feature that is measured at amortized cost according to the effective interest method, and a conversion option that is an embedded derivative and is measured at fair value at each reporting date.

Separable embedded derivative that do not serve hedging purposes

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset. Embedded derivatives are separated from the host contract and accounted for separately if: (a) the economic characteristics and risks of the host contract and the embedded derivative are not closely related, (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and (c) the combined instrument is not measured at fair value through profit or loss.

Changes in the fair value of the separate embedded derivative are recognized in profit or loss.

D. Impairment

Non-derivative financial assets

Financial assets

The Group recognizes a loss allowance for expected credit losses (ECLs) for all debt instruments except held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For rent and other trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date (i.e., a loss allowance for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default). The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- Debt securities that are determined to have a low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt investments carried at amortised cost and at fair value through other comprehensive income (FVOCI) the Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. Debt investment and other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The risk of default is assessed on the basis of the issuer rating or similar entities if such rating is not available. The impairment charge for debt investments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

Non-financial assets

Timing of impairment testing
The carrying amounts of the Group's non-financial assets (other than Investment properties and deferred tax assets), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Measurement of recoverable amount
The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the assessments of market participants regarding the time value of money and the risks specific to the asset or cash-generating unit, for which the estimated future cash flows from the asset or cash-generating unit were not adjusted.

Recognition of impairment loss
An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Reversal of impairment loss
An impairment loss in respect of goodwill is not reversed. In respect of other assets, for which impairment losses were recognized in prior periods, an assessment is performed at each reporting date for any indications that these losses have decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreci-

ation or amortization, if no impairment loss had been recognized.

E. Investment property

Investment property is property (land or building – or part of a building – or both) held (by the owner or by the lessee under a finance lease) to earn rental income or for capital appreciation, and is not for:

- Use in the production or supply of goods or services or for administrative purposes; or
- Sale in the ordinary course of business.

Investment property is initially measured at cost including transaction costs. Transaction costs includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment property is measured at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. For the purposes of these consolidated financial statements, in order to avoid double counting, the fair value reported in the consolidated financial statements is reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments.

The Group presents advances in respect of Investment property as non-current assets and does not include them as part of the Investment property. In subsequent periods, when the transactions are completed, the advances are reclassified to Investment property.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

F. Non-current assets and disposal groups held for sale or distribution

Non-current assets, or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable expected that its carrying amount will be recovered primarily through sale rather than from continuing use. For this to be the case, the assets must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets.
On re-classification as held for sale, investment properties continue to be measured at fair value. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

G. Borrowing costs

The Company decided to apply a policy choice of capitalizing borrowing costs to Investment property measured at fair value. Specific and non-specific borrowing costs are capitalized to qualifying assets throughout the period required for completion and construction until they are ready for their intended use or sale. Foreign currency differences from credit in foreign currency are capitalized if they are considered an adjustment of interest costs. Other borrowing costs are expensed as incurred.

H. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. Cash and cash equivalents are valued at nominal value.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

I. Restricted bank deposits

Restricted bank deposits consist of deposits in banks that the Group has pledged to secure banking facilities, which the Group cannot use freely for operations, and are valued at nominal value.

J. Leases

I. Rental income
The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the term of the lease and is included in revenue in the statement of profit and loss due to its operating nature, except for contingent rental income which is recognized when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognized as an expense over the term of the lease on the same basis as the lease income.

Lease incentives are recognized as a reduction of rental income on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise that option.

Determining whether an arrangement contains a lease
On the inception date of the lease, the Group determines whether the arrangement is a lease or contains a lease, while examining if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In its assessment of whether an arrangement conveys the right to control the use of an identified asset, the Group assesses whether it has the following two rights throughout the lease term:

(a) The right to obtain substantially all the economic benefits from use of the identified asset; and
(b) The right to direct the identified asset's use.

For lease contracts that contain non-lease components, such as services or maintenance, that are related to a lease component, the Group elected to account for the contract as a single lease component without separating the components.

Leased assets and lease liabilities
Contracts that award the Group control over the use of a leased asset for a period of time in exchange for consideration, are accounted for as leases. Upon initial recognition, the Group recognizes a liability at the present value of the balance of future lease payments (these payments do not include certain variable lease payments), and

concurrently recognizes a right-of-use asset at the same amount of the lease liability, adjusted for any prepaid or accrued lease payments, plus initial direct costs incurred in respect of the lease.

Since the interest rate implicit in the Group's leases is not readily determinable, the incremental borrowing rate of the lessee is used. Subsequently to the initial recognition, the right-of-use assets are measured as part of the investment property.

The Group has elected to apply the practical expedient by which short-term leases of up to one year and/or leases in which the underlying asset has a low value, are accounted for such that lease payments are recognized in profit or loss on a straight-line basis, over the lease term, without recognizing an asset and/or liability in the statement of financial position.

The lease term
The lease term is the non-cancellable period of the lease plus periods covered by an extension or termination option if it is reasonably certain that the lessee will or will not exercise the option, respectively.
Variable lease payments

Variable lease payments that depend on an index or a rate, are initially measured using the index or rate existing at the commencement of the lease and are included in the measurement of the lease liability. When the cash flows of future lease payments change as the result of a change in an index or a rate, the balance of the liability is adjusted against the right-of-use asset.

Other variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss in the period in which the event or condition that triggers payment occurs.

Reassessment of lease liability
Upon the occurrence of a significant event or a significant change in circumstances that is under the control of the Group and had an effect on the decision whether it is reasonably certain that the Group will exercise an option, which was not included before in the lease term, or will not exercise an option, which was previously included in the lease term, the Group re-measures the lease liability according to the revised leased payments using a new discount rate. The change in the carrying amount of the liability is recognized against the right-of-use asset, or recognized in profit or loss if the carrying amount of the right-of-use asset was reduced to zero.

When a lease modification increases the scope of the lease by adding a right to use one or more underlying assets, and the consideration for the lease increased by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the contract's circumstances, the Group accounts for the modification as a separate lease.

In all other cases, on the initial date of the lease modification, the Group allocates the consideration in the modified contract to the contract components, determines the revised lease term and measures the lease liability by discounting the revised lease payments using a revised discount rate.

For lease modifications that decrease the scope of the lease, the Group recognizes a decrease in the carrying amount of the right-of-use asset in order to reflect the partial or full cancellation of the lease, and recognizes in profit or loss a profit (or loss) that equals the difference between the decrease in the right-of-use asset and re-measurement of the lease liability.

For other lease modifications, the Group re-measures the lease liability against the right-of-use asset.

Incremental borrowing rate
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Subleases
In leases where the Group subleases the underlying asset, the Group examines whether the sublease is a finance lease or operating lease with respect to the right-of-use received from the head lease. The Group examined the subleases existing on the date of initial application based on the remaining contractual terms at that date.

Sale and leaseback
The Group applies the requirements of IFRS 15 to determine whether an asset transfer is accounted for as a sale. If an asset transfer satisfies the requirements of IFRS 15 to be accounted for as a sale, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount that relates to the right of use retained by the Group. Accordingly, the Group only recognizes the amount of gain or loss that relates to the rights transferred.

If the asset transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale, the transaction is accounted for as a financing transaction. Insofar as the Group is the seller-lessee of the asset, it continues to recognize the transferred asset and recognizes a financial liability in accordance with IFRS 9, at an amount equal to the transferred proceeds. Conversely, if the Group is the buyer-lessor of the asset, it recognizes a financial asset in accordance with IFRS 9 at an amount equal to the consideration transferred.

Assets leased out by the Group
Leases in which the Group leases out assets are classified as operating or finance leases. Classification of the lease as a finance or operating lease depends on the substance of the transaction and is performed at the beginning of the lease and reassessed only in the event of a lease modification. Changes in estimates such as the length of the asset's economic life or the residual value, or changes in circumstances, do not trigger reclassification of the lease.

When an arrangement includes lease components and non-lease components, the Group applies IFRS 15 for allocating the contract consideration to its various components.

a. Finance leases
A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. At initial recognition, assets held under a finance lease are presented as receivables at an amount equal to the net investment in the lease. The present value of the lease payments is calculated using the discount rate implicit in the lease. When the Group leases out assets in a sublease, if the discount rate implicit in the sublease cannot be readily determined, the Group uses the discount rate of the head lease, adjusted for initial direct costs related to the sublease.

Initial direct costs are included in the initial measurement of the receivables and reduce the amount of revenue recognized over the lease term.

On the initial date of the lease, the lease payments included in the measurement of the net investment in the lease include fixed payments less any lease incentives payable, variable lease payments that depend on an index or rate, any residual value guarantees provided to the lessor, the exercise price of a purchase option if it is reasonably certain that the lessee will exercise the option and lease termination penalties.

In subsequent periods, the Group recognizes financing income over the lease term. Furthermore, the Group allocates the lease payments against the balance of finance lease receivables and against financing income for the period.

The Group applies the derecognition and impairment requirements of IFRS 9 with respect to the balance of lease receivables. In addition, the Group reviews the estimates of unguaranteed residual values. In the case of a decrease in the estimate of the unguaranteed residual value, the Group adjusts the allocation of income over the lease term and immediately recognizes a decrease with respect to accumulated amounts.

b. Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an underlying asset are classified as operating leases.

The Group recognizes operating lease payments as revenue on a straight-line basis over the lease term.

Initial direct costs incurred to obtain operating leases are added to the carrying amount of the underlying asset, and recognized as an expense over the lease term on the same basis as the revenue from the lease.

K. Rent receivables

Rent receivables are recognized at their original invoiced value except where the time value of money is material, in which case rent receivables are recognised at fair value and subsequently measured at amortised cost. Refer to accounting policies in Note 3(c).

L. Revenue recognition

The Group recognizes revenue when the customer obtains control over the promised goods or services. The revenue is measured according to the amount of the consideration to which the Group expects to be entitled in exchange for the goods or services promised to the customer, other than amounts collected for third parties.
Identifying the contract

The Group accounts for a contract with a customer only when the following conditions are met:

a) The parties to the contract have approved the contract (in writing, orally or according to other customary business practices) and they are committed to satisfying the obligations attributable to them;
b) The Group can identify the rights of each party in relation to the goods or services that will be transferred;
c) The Group can identify the payment terms for the goods or services that will be transferred;
d) The contract has a commercial substance (i.e. the risk, timing and amount of the entity's future cash flows are expected to change as a result of the contract); and
e) It is probable that the consideration, to which the Group is entitled to in exchange for the goods or services transferred to the customer, will be collected.

For the purpose of paragraph (e) above the Group examines, inter alia, the percentage of the advance payments received and the spread of the contractual payments, past experience with the customer and the status and existence of sufficient collateral.

If a contract with a customer does not meet all of the above criteria, consideration received from the customer is recognized as a liability until the criteria are met or when one of the following events occurs: the Group has no remaining obligations to transfer goods or services to the customer and any consideration promised by the customer has been received and cannot be returned; or the contract has been terminated and the consideration received from the customer cannot be refunded.

Combination of contracts

The Group combines two or more contracts entered into on the same date or on proximate dates with the same customer (or related parties of the customer) and accounts for them as one contract when one or more of the following conditions are met:

a) Negotiations were held on the contracts as one package with a single commercial purpose;
b) The amount of the consideration in one contract depends on the price or performance of a different contract; or
c) The goods or services promised in the contracts (or certain goods or services promised in each one of the contracts) are a single performance obligation.

Identifying performance obligations

On the contract's inception date the Group assesses the goods or services promised in the contract with the customer and identifies as a performance obligation any promise to transfer to the customer one of the following:

a) Goods or services (or a bundle of goods or services) that are distinct; or
b) A series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

The Group identifies goods or services promised to the customer as being distinct when the customer can benefit from the goods or services on their own or in conjunction with other readily available resources and the Group's promise to transfer the goods or services to the customer is separately identifiable from other promises in the contract. In order to examine whether a promise to transfer goods or services is separately identifiable, the Group examines whether it is providing a significant service of integrating the goods or services with other goods or services promised in the contract into one integrated outcome that is the purpose of the contract.

The Group's key sources of income include income from services to tenants including management charges and other expenses recoverable from tenants.

Revenue from services to tenants

The Group enters as a lessor into lease agreements that include ancillary services provided to tenants by the Group or by other parties acting on its behalf, and other charges billed to tenants, for which the Group is entitled to payments. Services include common area maintenance services (such as cleaning, security, landscaping and snow removal of common areas), as well as other support services (e.g. reception services, catering and other event related services). These services are specified in the lease agreements and are separately invoiced.

The Group has determined that these services constitute distinct non-lease components (transferred separately from the right to use the underlying asset) and are within the scope of IFRS 15. The Group allocates the consideration in the contract to the separate lease and revenue (non-lease) components on a relative stand-alone selling price basis.

The revenue from service charges is recognized over time as services are rendered.

The Group arranges for both third parties and related parties to provide certain services to the tenants. The Group is primarily responsible for fulfilling the promise to perform the specific services and the Group bears inventory and credit risk on these transactions as it obliged to pay the service provider even if the tenant defaults on a payment.

The Group controls the service before it is provided to the tenant and, hence, is principal rather than agent in these contracts, and thus reports revenue on a gross basis; that is the amounts billed to the tenants are recorded as Service Charge income from contracts with tenants and operating costs are recorded as purchased services in Service Charge expenses.

M. Deferred income

Deferred income represents income which relates to future periods.

Prepayments
The Group receives prepayments from tenants for ancillary services and other charges (heating, water, insurance, cleaning etc.) monthly. These prepayments received from tenants are mainly settled once a year against the operating cost receivables. By the time of settlement, the prepayment and operating costs receivable balances are presented gross in the consolidated statement of financial position.

N. Tenancy deposits

Tenancy deposits are paid to ensure the property is returned in a good condition. The tenancy deposits can also be used if a loss of rent occurs.

O. Property operating expenses

This item includes operating costs that can be recharged to the tenants and direct management costs of the properties. Maintenance expenses for the upkeep of the property in its current condition, as well as expenditure for repairs are charged to the consolidated statement of profit or loss. Refurbishment that takes place subsequent to the property valuation, thus excluded in its additional value, will also be stated in this account, until the next property valuation.

P. Taxation

Income tax on the profit or loss for the year comprises current and deferred tax
The Group is subject to income and capital gains taxes in numerous jurisdictions. Significant judgement is required to determine the total liability for current and deferred taxes.

The Group recognizes liabilities for current taxes based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax liabilities in the period in which the determination is made. Deferred tax assets and liabilities are recognized on a net basis to the extent they relate to the same fiscal authority and tax paying entity and fall due in approximately the same period.

I. Current income tax
Current income tax is the expected tax payable (or receivable) on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current taxes also include taxes in respect of prior years and any tax arising from dividends.

Current income tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is recognized in other comprehensive income or equity, respectively.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

II. Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- Differences relating to investments in subsidiaries and associates and joint arrangements, to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future, either by way of selling the investment or by way of distributing dividends in respect of the investment.

Deferred tax assets are recognized for all deductible temporary differences and carried forward unused tax credits and unused tax losses. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, carried forward unused tax credits or unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is recognized in other comprehensive income or equity, respectively.

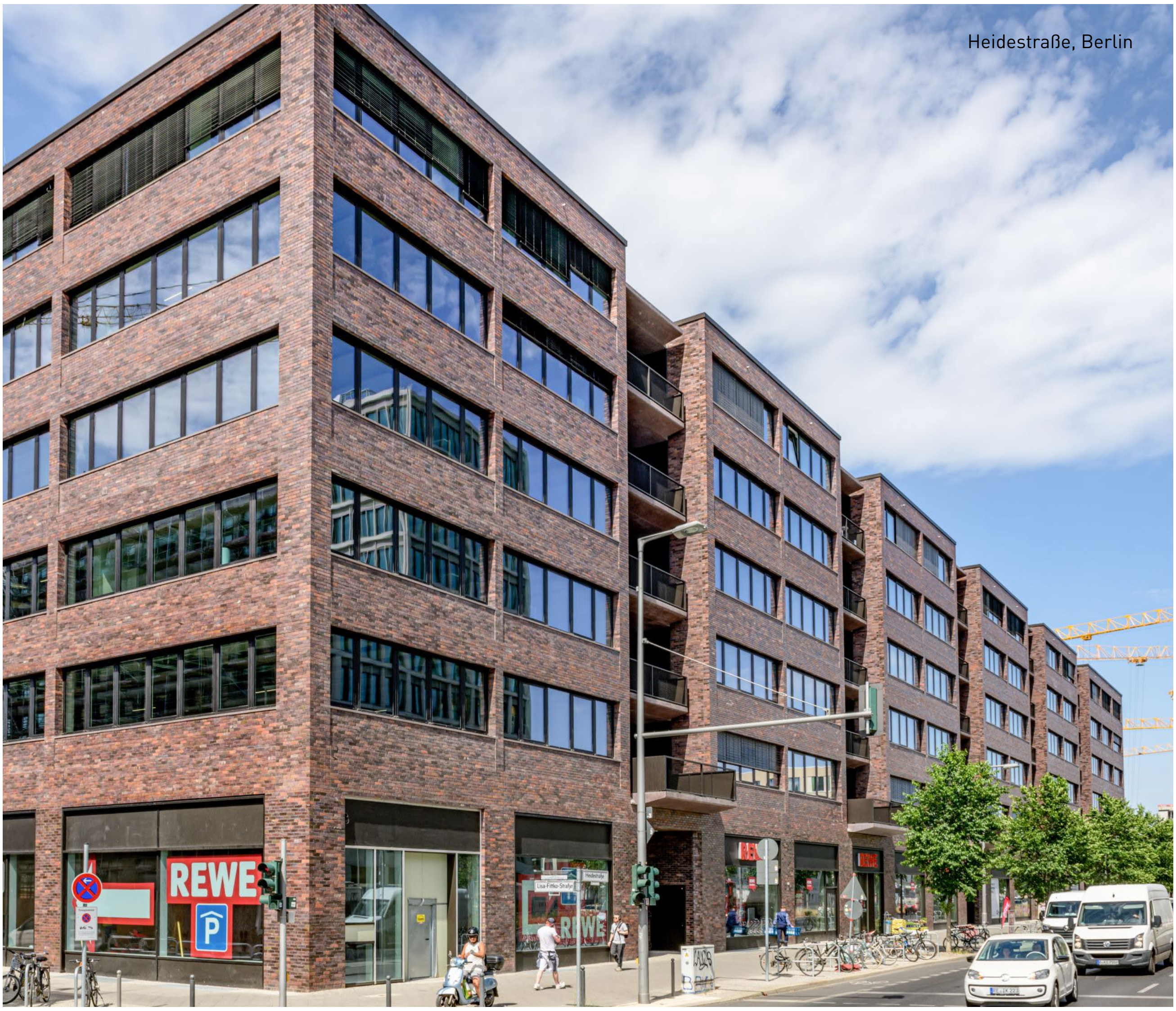
Deferred tax assets and liabilities are offset if a legally enforceable right exists to offset current tax liabilities and assets, and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTE 4 – CHANGES IN ACCOUNTING POLICIES

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

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

The above standards and amendments had no material impact on the Group's consolidated financial statements.



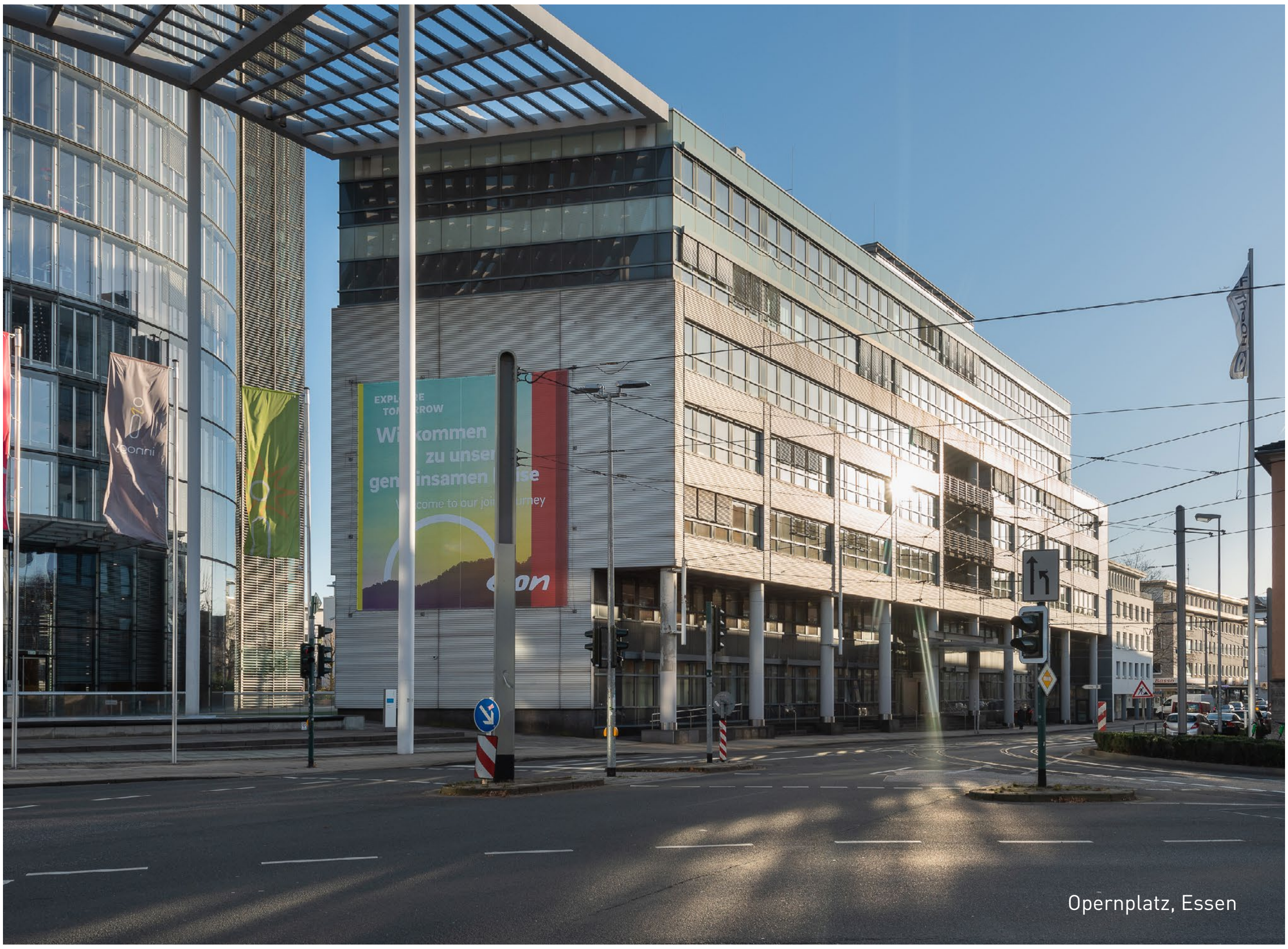
Heidestraße, Berlin

NOTE 5 – STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

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

These new standards, amendments and interpretations have not been endorsed by the European union yet. Unless otherwise described above, the new standards and interpretations are not expected to significantly affect the Group's consolidated financial statements.



Opernplatz, Essen

NOTE 6 – INVESTMENT PROPERTY

A. Reconciliation of investment property, according to its predominant use

	Germany[1]				UK	Totals
	Office	Hotels	Other	Subtotal	Hotels[2]	
	EUR thousands					
Balance as at 1 January 2022 (incl. held for sale assets)	**1,244,095**	**158,359**	**85,317**	**1,487,771**	**2,162,977**	**3,650,748**
Acquisitions of investment property	536,139	106,768	36,222	**679,129**	48,086	**727,215**
Capital expenditure	3,377	1,763	1,149	**6,289**	10,926	**17,215**
Fair value adjustments[3]	(103,570)	(46,058)	(4,877)	**(154,505)**	(162,837)	**(317,342)**
Foreign currency revaluation effect through OCI	-	-	-	**-**	(112,725)	**(112,725)**
Disposal of investment property	(5,250)	-	-	**(5,250)**	(8,028)	**(13,278)**
Other adjustments	729	5,045	(29)	**5,745**	22,460	**28,205**
Total	**1,675,520**	**225,877**	**117,782**	**2,019,179**	**1,960,859**	**3,980,038**
Less: classified as held for sale	(130,320)		(49,710)	**(180,030)**	-	**(180,030)**
At 31 December 2022[4]	**1,545,200**	**225,877**	**68,072**	**1,839,149**	**1,960,859**	**3,800,008**

[1] The investment property table for Germany contains non-material properties in other EU jurisdictions.
[2] Includes one residential property.
[3] Excludes capital losses of EUR 8 million.
[4] Includes Right-of-use assets of EUR 81.7 million.

Bundesallee, Berlin

	Germany				UK	Totals
	Office	Hotels	Other	Subtotal	Hotels	
	EUR thousands					
Balance as at 1 January 2021 (incl. held for sale assets)	**2,071,407**	**146,959**	**93,338**	**2,311,704**	**1,892,993**	**4,204,697**
Acquisitions of investment property	16,950	-	6,376	**23,326**	-	**23,326**
Capital expenditure	22,957[1]	434	518	**23,909**	7,494	**31,403**
Fair value adjustments	81,042	7,258	17,173	**105,473**	150,737	**256,210**
Foreign currency revaluation effect	-	-	-	**-**	143,791	**143,791**
Disposal of investment property	(951,450)	-	(32,152)	**(983,602)**	(31,451)	**(1,015,053)**
Other adjustments	3,189	3,708	64	**6,961**	(587)	**6,374**
Total	**1,244,095**	**158,359**	**85,317**	**1,487,771**	**2,162,977**	**3,650,748**
Less: classified as held for sale	(56,600)	-	(6,260)	**(62,860)**	-	**(62,860)**
At 31 December 2021[2]	**1,187,495**	**158,359**	**79,057**	**1,424,911**	**2,162,977**	**3,587,888**

[1] The investment property table for Germany contains non-material properties in other EU jurisdictions.
[2] Capital Expenditure in the amount of EUR 17.2 million is related to a portfolio of assets sold in 2021.
[3] Includes Right-of-use assets of EUR 79.2 million.

B. Measurement of fair value

Investment properties are measured at its fair value, which has been determined based on valuations performed by external independent appraisers with recognized professional expertise and vast experience as to the location and category of the property being valued, based on market conditions prevailing as of the Reporting Date, by reference to properties with similar condition and location, as well as by using valuations techniques such as Discounted Cash Flow Method ("DCF"), in accordance with the Royal Institution of Charted Surveyors (the "Red Book") and with International Valuation Standards (IVS), as set out by the International Valuation Standards Committee (IVSC).

Under the DCF method the forecasted future income and costs of the property over a 10 years period are discounted to the date of valuation, by using discounts rates which is suitable in the appraisers' and Group management's view to the specific property location and category, specific characteristics and inherent risk as well as the prevailing market conditions as of the Reporting Date, and an exit value at the end of the detailed cash flow period. The income mainly comprises expected rental income (current in-place rent, market rents as well as their development) net of operating expenses estimation, taking vacancy and lease-up assumptions into account, as well as estimation of anticipated capital expenditure.

Where applicable, the appraisers use the residual value method through capitalizing the future market value of the property once it is developed, less estimated cost to complete. The rental levels are set at the current market levels capitalized at the net yield which reflects the risks inherent in the net cash flows.

For certain properties which are not yet in operational status (land or development) the external appraisers performed the valuations using the comparable method.

Fair value hierarchy

The Group's investment property has been categorized as Level 3 Fair Value (as described in Note 26.2.1) based on the input to the valuation technique used and was determined considering the highest and best use measurement approach according to IFRS 13.

There were no transfers between levels 1, 2 or 3 during 2022.

Key parameters used in the valuation

As at 31 December 2022 investment properties have been valued using the discounted cash flow (DCF) method and the residual value approach. The key assumptions and parameters used to determine the fair value of the investment properties under the DCF method are further presented below[1]:

Valuation technique	Significant unobservale inputs	2022 Weighted Average	2021 Weighted Average
UK portfolio*			
DCF Method	Discount rate	8.74%	7.85%
	Terminal cap rate	7.15%	6.25%
German portfolio**			
DCF Method	Value per square meter	EUR 3,770	EUR 3,227
	Market rent per square meter	EUR 15.82	EUR 13.27
	Discount rate	4.53%	3.76%
	Terminal cap rate	4.03%	4.59%

[1] Table excludes held-for-sale assets.
* Excluding land plots.
**Excluding properties in other jurisdiction.

Properties classified as held for sale are valued according to the DCF method and residual value approach.

Sensitivity analysis

The main value drivers influenced by the market for commercial properties are the market rents and their movement, rent increases, the vacancy rate and interest rates. Significant increases (decreases) in market rent and rent increases in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in vacancy rates and discount rate (and exit yield) in isolation would result in a significantly lower (higher) value.

The effect of possible fluctuations in these parameters is shown separately for each parameter in the following table. Interactions between the parameters are possible but cannot be quantified due to the complexity of the interrelationships.

Valuation parameter	Change in Parameter	Change in value 2021		Change in value 2020	
		EUR thousands	%	EUR thousands	%
UK portfolio					
Discount rate	(0.25%)	32,133	1.78%	38,523	1.88%
Capitalization rate	(0.25%)	37,883	2.09%	51,174	2.49%
German portfolio					
Discount rate	(0.25%)	21,080	2.17%	25,847	2.18%
Capitalization rate	(0.25%)	44,370	4.56%	53,904	4.54%

Table excludes held-for-sale assets.

Assuming all other variables remain constant, an opposite change in the parameters at the same percentage would have a similar impact on the value, although in the opposite direction.

C. Completed transactions

1. In April 2022, the Group successfully acquired from third parties through an asset deal a portfolio of six assets, predominantly located in Berlin, with Gross Asset Value of EUR 97.2 million as of the day of the acquisition, for a total consideration of EUR 85 million (excluding transaction costs and real estate transfer taxes of EUR 9.6 million). The transaction was completed in April 2022 and the Group obtained control over all the assets as of this date. Following the completion, the Group holds 89.9% in the property companies that own the aforementioned assets.

2. In May 2022, the Group acquired a residential property located in Mayfair, London for a consideration of GBP 41 million, including transaction costs and taxes of ca. GBP 6 million (total: EUR 48 million).

3. In June 2022, the Group successfully carried out a transaction to take over 54% of the issued shares of four German entities holding four properties located in Berlin, with a Gross Asset Value of EUR 204.7 million as of the day of the acquisition, for a total consideration of approximately EUR 39 million (excluding transaction costs of ca. EUR 3 million) and acquisition financing of approximately EUR 67 million. The purchase of the entities was treated as purchase of group of assets and liabilities and not as a business combination based on IFRS 3 *Business Combinations*.

   Therefore, the total purchase costs were allocated to the assets and liabilities on the basis of their relative fair values without recognition of goodwill and deferred taxes as follows:

	EUR thousands
Investment property (at acquisition date)	204,727
Trade and other receivables	3,014
Cash acquired	1,475
Trade and other payables	(4,665)
Total acquired	**204,551**
Attributable to non-controlling interest	(57,758)
Loans from non-controlling interests	(36,702)
Secured loans and borrowings	(66,976)
Payables for transaction costs	(481)
Paid in cash	**42,634**

4. In August 2022, the Group acquired office properties with a Gross Asset Value of EUR 36.4 million.

5. In September 2022, the Group successfully carried out a transaction to acquire 100% of the issued shares of a German entity holding one property located in Berlin, with Gross Asset Value of ca. EUR 330 million, for a total consideration of approximately EUR 196 million settled in traded bonds of Aggregate Holdings SA for their Par value of EUR 196 million (the Mark to Market value in the day of the transaction was EUR 68.7 million). The purchase of the entity was treated as purchase of group of assets and liabilities on the basis of their relative fair values and not as a business combination based on IFRS 3 Business Combinations.

	EUR thousands
Investment property (at acquisition date)	329,604
Trade and other receivables	4,636
Cash acquired	3,492
Trade and other payables	(7,272)
Secured loans and Borrowings	(130,015)
Settled in financial assets	**196,200**
Paid in cash*	**4,245**

* Paid to minority stakeholder and lender.

D. Advance payments for investment property

In previous years, the Group has engaged with several third parties to obtain the exclusive rights to due diligence potential portfolio acquisitions in off-market transactions, for which the company made refundable advance payments. In 2022, EUR 39.6 million were refunded to the Group, EUR 40.4 million of advance were exercised by the Group to acquire assets, and new EUR 2.6 million of advance payments were made.

Sanderson Hotel, London

NOTE 7 – INVESTMENTS IN AND LOANS TO EQUITY-ACCOUNTED INVESTEES

The reconciliation of investments in and loans to equity-accounted investees is as follows:

	2022	2021
	EUR thousands	
As at 1 January	49,997	17,700
Additions and accrued interest	9,544	12,572
Share in profit (loss) from investment in equity-accounted investees	(10,418)	19,725
Foreign currency revaluation effect	1,144	-
At 31 December	**50,267**	**49,997**

The balance as at 31 December 2022 reflects joint-venture investments, where, in addition to its equity investment EUR 19 million , the Group contributed loans in amount of EUR 31 million including accrued interest, since its initial investments.

NOTE 8 – OTHER SHORT TERM ASSETS

On 31 December 2020 a subsidiary of the Group has engaged with Aggregate Holdings SA ("**Aggregate**") in a contract for the sale of a group of subsidiaries holding an asset complex in the center of Berlin ("**Project Fürst**") through a share deal. The completion of the transaction occurred in June 2021. The consideration for the sale of the shares was settled in cash and financial instruments. The total consideration was ca. EUR 876 million comprising of EUR 156 million in cash and EUR 720 million in financial assets (EUR 220 million of 5.5% 2024 Aggregate Holdings SA bonds (the "**Traded bonds**") and EUR 500 million Project Lietzenburger Strasse PropCoS.à r.l November 2023 bonds (the "**Non-traded bonds**")).

Out of the Non-traded bonds ca. EUR 151 million was settled in cash repayments until 31 December 2021. In March 2022, the Group sold to a third party the remaining Non-Traded bonds with a book value of EUR 336.9 million (which comprises with a Nominal amount of EUR 352.8 million and an Estimated Credit Losses (ECL) of EUR 15.9 million, that were booked already in 2021). The total consideration was EUR 321 million (the "**Total Purchase Price**").

The difference between the book value of the Non-traded bonds and the Total Purchase Price was recorded as financial expense/loss under "other financial losses".

The Total Purchase Price was settled by an immediate cash payment of ca. EUR 112.3 million which has been received by the Group in March 2022 and by a deferred payment of ca. EUR 208.7 million (the "**Deferred Payment**") carrying a 2% interest rate. The security package for the Deferred Payment included a full pledge over all the sold Non-traded bonds.

In December 2022, the Group received EUR 162.4 million (including EUR 3.1 million accrued interest and EUR 500 thousand interest paid in advance for the unpaid amount of EUR 50 million, representing a rate of 4% p.a.). The remaining outstanding amount of EUR 50 million as of 31 December 2022 was received after the Reporting Date (see Note 27.3).

In September 2022, the Group settled with Aggregate Holdings SA nominal EUR 196 million out of the total of nominal EUR 220 million of the Traded bonds through acquisition of an asset located in the Quartier Heidestrasse ("QH") project in central Berlin. Upon acquisition, the asset ("QH Core") had a total Gross Asset Value of approximately EUR 330 million. Net Asset Value of ca. EUR 196 million, with asset level debt of EUR 130 million with attractive debt terms of 3M Euribor + 1.45% interest, with Euribor capped at 1.2% and maturity at 2030. The asset is newly built, 94% occupied and located in a prime location in Berlin.

The remaining Traded bonds, with a nominal amount of EUR 23 million, were supposed to be settled through the acquisition of the asset QH Spring. In January 2023 the conditions precedent that was agreed in the SPA with Aggregate Holdings SA, were not met and the acquisition was not completed.

NOTE 9 – ASSETS AND LIABILITIES OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

The Company expects to sell non-core properties being held by subsidiaries of the Group within the next 12 months. The Group has initiated selling activities and is in negotiations with potential buyers. As at 31 December 2022 the Company classified the investment properties with fair value of EUR 56.4 million as Assets of disposal groups classified as held for sale and investment properties with fair value of EUR 123.6 million as Assets held for sale.

Assets classified as held for sale as at 31 December 2021 in the amount of EUR 22 million were reclassified to Investment property, as management no longer expects the disposal of these properties within 12 months from the Reporting Date.

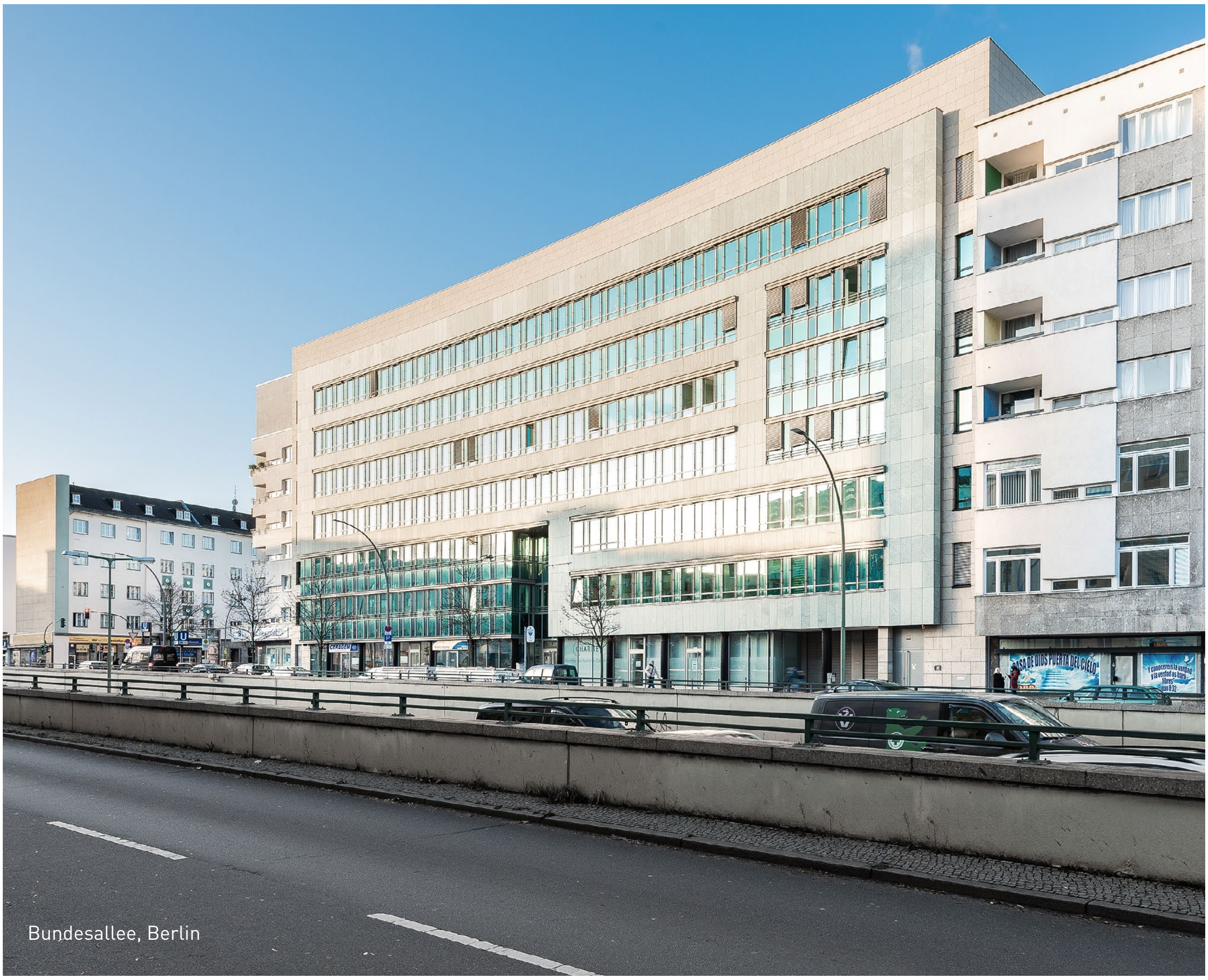
	31 December 2022 EUR thousands
Assets	
Investment property	180,031
Trade receivables and other receivables	1,948
Cash and cash equivalents	658
	182,637
Liabilities	
Trade and other payables	1,478
Other non-current liabilities	9
Deferred tax liabilities	1,540
	3,027

NOTE 10 – TRADE AND OTHER RECEIVABLES

	31 December 2022	31 December 2021
	EUR thousands	
Rent and service charge receivables	26,933	22,570
Less: loss allowance for expected credit losses	(6,100)	(7,012)
	20,833	**15,558**
Receivables from related parties (Note 25)	51,336	22,516
VAT refundable	1,801	7,160
Receivables in relation to completed transactions	672	6,763
Other receivables	12,081	5,101
Total	**86,723**	**57,098**

Rent and service charge receivables are non-interest bearing and are typically due within 30 days.

Refer to Note 26 Financial Instruments for further detail on credit risk.



Bundesallee, Berlin

NOTE 11 – TOTAL EQUITY

A. Equity attributable to the owners of the Company

Share capital and share premium

On 1 June 2022, a US-based investor, Bow Street Special Opportunities XVIII SPV Cayman, LLC (the "Investor") made a 4.18% investment in the Company, through shares and shareholder loans. Subsequently to its first investment in June, the Investor acquired from Vivion Holdings, additional 5.82% of the Company's shares and shareholder loans (the "Investor Loans"). As of the reporting date the Investor holds 10% from the shares and shareholder loans of the Company. As at 31 December 2022, the issued and fully paid share capital of the Company consists of 12,297 ordinary shares of EUR 1 each (2021: 12,002) with a nominal value of EUR 12,297 (2021: EUR 12,002).

The movement of the share premium reserve is as follows:

Share premium reserve	**2022**	**2021**
	EUR thousands	
As at 1 January	154,030	154,030
Contributions	18,980	-
At 31 December	**173,010**	**154,030**

B. Non-controlling interests

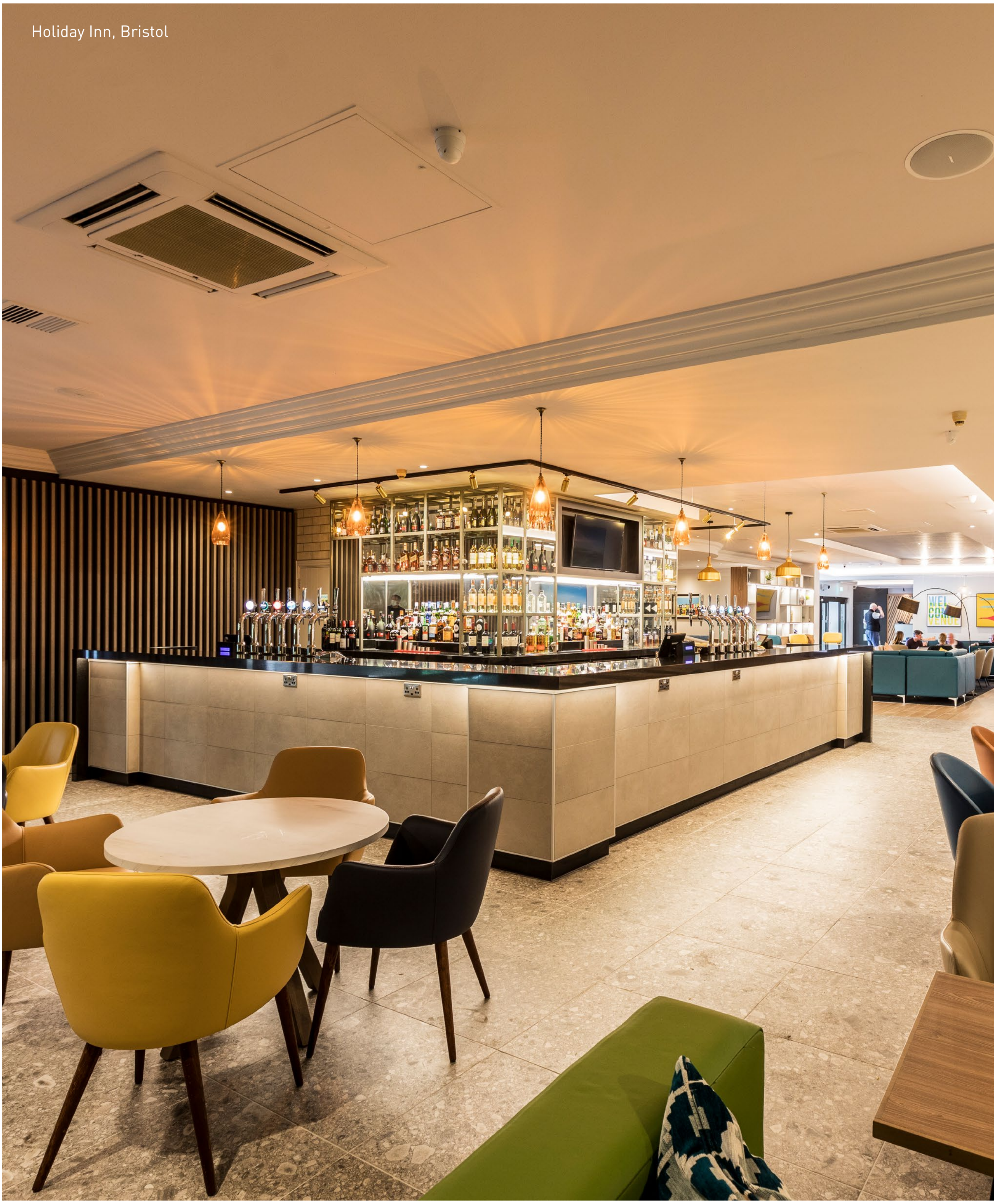
The non-controlling interest comprises mainly of third party institutional investors holding a 48.5% in the Company's subsidiary Golden Capital Partners S.A ("Golden").

The Group investments in Germany are mainly done by Golden. Golden is a Luxembourg entity, indirectly held 51.5% by the Company. As of 31 December 2022, Golden investment properties are EUR 1,757.5 million and total comprehensive loss of EUR 87.7 million was allocated to the non-controlling shareholders of Golden.

Below is additional financial information related to Golden:

Consolidated statement of financial position	**31 December 2022**	**31 December 2021**
	EUR thousands	
Total assets	**2,719,240**	**2,524,717**
Total liabilities	1,864,643	1,568,194
Total equity attributable to owners of the Company	755,263	895,406
Total equity	854,597	956,523
Total liabilities and equity	**2,719,240**	**2,524,717**

Consolidated statements of profit or loss and other comprehensive income	31 December 2022	31 December 2021
	EUR thousands	
Revenues	84,505	69,404
Operating profit	(107,630)	159,859
Profit (loss) for the year	**(169,812)**	**76,333**



Holiday Inn, Bristol

NOTE 12 – SECURED LOANS AND BORROWINGS

Interest type	Loan date	Original amounts of loan	Interest mechanism and rate	Payment date of principal	Cap/Swap rates**	31 December 2022		31 December 2021	
						Principal value	Carrying amount	Principal value	Carrying amount
						EUR thousands			
Variable	2 April 2018	GBP 449,800 thousands*	3M Sonia + 3.19%	1 April 2023	Cap rate 2,00%	297,896	282,013	312,384	328,597
Variable	18 June 2020	EUR 130,000 thousands	3M Euribor + 1.45%	30 June 2030	Cap and swap at 1.20%	130,015	130,015	-	-
Variable	30 September 2019	EUR 105,071 thousands	3M Euribor + 1,54%	30 September 2024	3M Euribor Cap rate 1,5%	96,534	96,315	99,161	98,833
Variable	29 October 2020	EUR 85,000 thousands	3M Euribor + 2,10%	31 December 2024	Swap 0.17% and -0.32%	78,838	78,258	81,388	80,835
Variable	4 October 2019	EUR 95,500 thousands	3M Euribor + 1,80%	4 October 2026	3M Euribor Cap rate 0,65%	75,113	75,347	95,260	94,380
Variable	24 May 2022	EUR 67,000 thousands	1M Euribor + 2,35%	23 May 2024	n/a	67,316	67,577	-	-
Variable	3 February 2020	EUR 29,000 thousands	3M Euribor + 1,51%	30 November 2024	3M Euribor Cap rate 1,04%	26,600	26,600	27,400	27,400
Fixed	12 March 2015	EUR 28,000 thousands	2.24%	28 February 2025	n/a	23,185	23,185	23,847	23,847
Variable	26 May 2020	EUR 25,000 thousands	3M Euribor + 1,38%	30 June 2027	3M Euribor Cap rate 1,00% (4,75 years)	23,240	23,183	23,958	23,879
Fixed	11 November 2017	EUR 22,000 thousands	2.27%	30 September 2027	n/a	18,987	18,987	19,598	19,598
Fixed	11 February 2015	EUR 5,000 thousands	2.24%	28 February 2025	n/a	4,233	4,233	4,349	4,349
					Total	**841,957**	**825,713**	**687,345**	**701,718**
					Other Loans		9,073		4,820
					Less current maturities		(292,431)		(15,350)
					Total non-current secured loans and borrowings		**542,355**		**691,188**

* The loan was refinanced subsequent to the reporting period (see Note 27.1).
** For the fair value of the Cap/Swap rates Derivatives, see Note 26.2.1.

(1) As part of the bank loans received by the Group, the Group companies have undertaken to maintain certain financial ratios, inter-alia, LTV ratios, debt service coverage ratio, interest coverage ratios, NOI Debt Yield minimum and loan to annual rent ratio. As at 31 December 2022, the Group is fully compliant with all covenant requirements.

(2) To secure bank loans and borrowings the Group pledged properties with a total fair value as at the Reporting Date of EUR 2,443.4 million (2021: EUR 2,073.6 million).

(3) During the reporting period the Group made EUR 41.7 million repayments of its loans and borrowings, out of which GBP 26 million (EUR 31.3 million) repayment of its loan facility in UK.

(4) During the reporting period the Group secured financing in the amount of EUR 67 million and acquired in a share deal EUR 130 million (for more information please see note 6.C.4 and 6.C.5).

NOTE 13 – SENIOR UNSECURED BONDS AND CONVERTIBLE BONDS

The below overview summarizes the outstanding Senior Unsecured Bonds per the reporting date:

Senior Unsecured Bonds (4)	Currency	Nominal amount (in thousands)	Coupon rate (p.a., %)	Issue price (%)	Issuance-maturity	31 December 2022	31 December 2021
						EUR thousands	
Bond I	EUR	700,000	3.00%	100.0	08/2019 - 08/2024	649,948	690,555
Bond II (1)	EUR	640,000	3.50%	98,68	10/2019 - 10/2025	611,459	634,461
Total						**1,261,407**	**1,325,016**
Convertible Bond (2) (3)	EUR	200,000	2.25%	100.0	08/2020 - 08/2025	182,343	175,648
Total Senior Unsecured Bonds						**1,443,750**	**1,500,664**
Total accrued interest on Senior Unsecured Bonds						**14,328**	**13,677**

(1) In 2022 the Group performed a buy-back of its own issued unsecured bonds, in a nominal amount of EUR 71.9 million (EUR 46.4 million from the 3% 2024 Bonds; EUR 25.5 million from the 3.5% 2025), which resulted in a profit of EUR 2.6 million. Subsequent to the Reporting Date, the Group preform additional buy-back of its own issued unsecured bonds, in a nominal amount of EUR 26 million (EUR 20 million from the 3% 2024 Bonds; EUR 6 million from 3.5% 2025 Bond). Resulting in a total buy-back of EUR 97.9 million as of the Report Date.

(2) The convertible bonds include certain features as follows:

- Conversion feature in case of an Initial Public Offering ('IPO') of the Company;
- Certain redemption options by the Company.

(3) As at 31 December 2022 the fair value of the embedded derivative component of these convertible bonds features was EUR 35.5 million, which is presented as part of the Derivative financial liabilities, and valued by third party appraisal.

(4) As part of the issuing of the senior unsecured bonds and the convertible bonds by the Company, the Group has undertaken to maintain certain financial ratios, inter-alia, LTV ratios and interest coverage ratio.

As at 31 December 2022, the Group is fully compliant with all covenant requirements.

NOTE 14 – LOANS FROM SHAREHOLDERS AND NON-CONTROLLING INTERESTS

	31 December 2022	31 December 2021
	EUR thousands	
Unsecured loans and accrued interest from Shareholders (1) (2) (5)	846,104	803,362
Unsecured loans from non-controlling interests – Golden (3) (4) (5)	604,830	527,168
Total	**1,450,934**	**1,330,530**

(1) The loans bear an annual interest rate of 5.15%-5.50%, payable in the 10th anniversary year (2032). In addition, the Company at it sole discretion, have the right to prepay the loan at any time subject to 3 days' notice, or to extend the loan term by additional five years. The Company may, occasionally at its sole discretion, subject to 7 days' notice, convert the loan into its own Ordinary shares according to a fixed to variable conversion price which reflects the Company's value based on external valuation report as of the date of conversion.

(2) On 1 June 2022, the Group issued and the Parent company sold 4.18% shares and shareholder loans to Bow Street Special Opportunities XVIII SPV Cayman, LLC (the "**Investor**") for a consideration of EUR 55 million (excluding transaction costs).

As part of the share subscription agreements, the Investor provided shareholder loans of EUR 14.5 million and GBP 18.1 million (EUR 21.1 million) to the Group (the "**Investor's Loans**"). The Investor's Loans bear 5.15%-5.50% annual interest rate, payable on the 10th anniversary year. In addition, the Group may, occasionally at its sole discretion, subject to 7 days' notice, convert the loan into its own ordinary shares according to a conversion price which reflects the Group's share capital value based on external valuation report as of the date of conversion. It was also agreed that the Group at its sole discretion have the right to prepay the loan at any time subject to 3 days' notice, or to extend the loan term by an additional five years. The shareholder loan provided from Vivion Holdings to the Group holds the same terms and conditions as the loans provided by the Investor to the Group.

Any prepayment or conversion of the Investor's Loans may be executed only on a pro rata basis according to each shareholder stake in the Group.

(3) As part of the share subscription agreements with non-controlling shareholders in Golden, which hold 48.5% of Golden shares, the non-controlling interest shareholders provided loans to Golden (the "**Golden Investors' Loans**"). As at 31 December 2022 the Golden Investors' loans had a principal value of EUR 524

million and bear 5.25% annual interest rate, payable in the 10th anniversary year (2028-2030). In addition, Golden at its sole discretion, have the right to prepay the Golden Investors' Loans at any time subject to 3 days' notice, or to extend the Golden Investors' Loans term by additional five years. It was also agreed that Golden may, occasionally at its sole discretion, subject to 7 days' notice, convert the Golden Investors' Loans into its own ordinary shares according to a conversion price which reflects Golden's share capital value based on external valuation report as of the date of conversion. The Shareholder loan provided from Vivion to Golden holds the same terms and conditions as the Golden Investors' Loans.

(4) Any prepayment or conversion of the Golden Investors' Loans may be executed only on a pro rata basis according to each shareholder stake in Golden.

(5) Loans from Shareholders and non-controlling interests are unsecured and subordinated to the other Group debt to third parties.

NOTE 15 – RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOW ARISING FROM FINANCING ACTIVITIES

The tables below detail the reconciliation of the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows, or future cash flows, will be classified in the Group's consolidated statement of cash flows from financing activities.

	Secured loans and borrowings	Senior Unsecured Bonds	Convertible bond[1]	Loans from Shareholders	Loans from non-controlling interests
			EUR thousands		
Balance as at 1 January 2022	**706,537**	**1,325,016**	**175,648**	**803,362**	**527,168**
Acquisitions of subsidiaries, net	202,245	-	-	-	36,702
Additions	-	-	-	29,224	8,661
Repayments	(68,823)[2]	-	-	-	-
Buy-back of bonds	-	(66,073)[3]	-	-	-
Amortization of debt issuance costs	886	5,236	552	-	184
Accrued interest	-	-	-	39,196	27,350
Gain from buy-back	-	(2,609)	-	-	-
Non-cash changes	-	-	6,143	-	-
Foreign exchange effect	(7,271)	-	-	(26,868)	-
Other charges	1,212	(163)	-	1,190	4,765
Balance as at 31 December 2022	**834,786**	**1,261,407**	**182,343**	**846,104**	**604,830**

[1] Amounts of Convertible bonds exclude the embedded derivative in the amount of EUR 36.5 million (see Note 26.2).
[2] Including repayments from non-cash restricted deposits in the amount of EUR 22.5 million.
[3] Excluding EUR 1.4 million related to accrued interest.

	Secured loans and borrowings	Senior Unsecured Bonds	Convertible bond	Loans from Shareholders	Loans from non-controlling interests
	EUR thousands				
Balance as at 1 January 2021	**792,681**	**980,094**	**168,706**	**828,414**	**502,135**
Acquisitions of subsidiaries, net	3,620	-	-	-	-
Additions	-	340,348	-	1,923	-
Repayments	(117,904)	-	-	(109,714)	-
Debt issuance costs	-	-	-	-	-
Accrued interest	-	-	-	39,391	24,367
Amortization of debt issuance costs	1,477	4,716	552	-	184
Non-cash changes	-	-	6,143	-	-
Foreign exchange effect	25,811	-	-	43,348	-
Other charges	852	(142)	247	-	482
Balance as at 31 December 2021	**706,537**	**1,325,016**	**175,648**	**803,362**	**527,168**

NOTE 16 – TRADE AND OTHER PAYABLES

	31 December 2022	31 December 2021
	EUR thousands	
Trade payables	14,465	11,892
Transaction cost accruals*	15,700	-
Payables to related parties (Note 25)	8,359	6,662
VAT payables	3,211	3,559
Other accrued expenses	4,550	3,032
Total	**46,285**	**25,145**

* Includes mainly Real Estate Transfer Tax.

NOTE 17 – OTHER SHORT-TERM LIABILITIES

	31 December 2022	31 December 2021
	EUR thousands	
Accrued interest on secured bank loans and senior unsecured bonds	17,472	15,964
Deferred income	18,923	16,287
Total	**36,395**	**32,251**

NOTE 18 – LONG TERM LEASE LIABILITIES, CONTINGENT LIABILITIES AND COMMITMENTS

A. Leases

I. Long-term lease liabilities

Long-term lease liabilities include the Group's future financial obligations due to its land leases in accordance with IFRS 16:

	2022	2021
	EUR thousands	
As at 1 January	79,363	74,902
Land lease reassessment	7,226	83
Additions (disposals), net	-	(442)
Interest expenses	4,607	4,415
Payments	(5,398)	(4,685)
Foreign exchange effect	(4,394)	5,090
Balance as at December 31	**81,404**	**79,363**

II. Leases as a lessor

The Group has entered into long-term rent agreements as a lessor of its investment properties. The future minimum rental income under non-cancelable operating leases is as follows*:

	As at 31 December	
	2022	2021
	EUR thousands	
Less than one year	196,712	156,217
One to two years	203,099	164,886
Two to three years	195,021	167,506
Three to four years	189,832	153,441
Four to five years	186,106	146,451
More than five years	1,227,817	1,022,120
Total	**2,198,587**	**1,810,621**

* Excluding properties classified as held for sale.

B. Contingent liabilities and commitments

The Group is exposed to various legal claims arising from the ordinary course of business which are individually and in aggregate considered not material.

NOTE 19 – REVENUES

A. Rental income

	For the year end 31 December	
	2022	2021
	EUR thousands	
Rental income	206,092	182,661*

* Rental income in 2021 includes also income from hotel operations of approximately EUR 2.6 million

B. Contracts with customers

	For the year end 31 December	
	2022	2021
	EUR thousands	
Service charge income	26,902	16,966

For further information regarding reportable segments, see Note 24 - Operating Segments.

NOTE 20 – PROPERTY OPERATING EXPENSES

	For the year end 31 December	
	2022	2021
	EUR thousands	
Service charge expenses	18,998	14,992
Other property operating expenses	8,503	6,308
Total	**27,501**	**21,300**

NOTE 21 – GENERAL AND ADMINISTRATIVE EXPENSES

	For the year end 31 December	
	2022	2021
	EUR thousands	
Legal and professional fees	10,832	7,692
Expected credit losses on rent and other receivables	177	4,273
Asset management fees	2,064	1,212
Audit fees	1,216	1,319
Other general and administrative expenses	4,271	1,685
Total	**18,560**	**16,181**

The following table shows the breakdown of audit, audit-related, tax and other services rendered by KPMG audit firm network and by other audit firms:

	For the year ended 31 December			
	2022		2021	
	KPMG Network	Other audit firms	KPMG Network	Other audit firms
	EUR thousands			
Audit fees	1,017	199	869	420
Audit related fees	-	-	31	-
Tax and other services	39	73	83	-
Total	**1,056**	**272**	**983**	**420**

NOTE 22 – FINANCE EXPENSES

	For the year ended 31 December	
	2022	2021
	EUR thousands	
Interest expense on Secured bank loans	29,924	21,521
Interest expense on Senior Unsecured bonds	48,193	42,463
Total interest expenses to third parties	**78,117**	**63,984**
Interest income from third parties	(17,780)	(17,339)
Total net interest expenses to third parties	**60,337**	**46,645**
Interest expense on Unsecured Shareholders loans[1]	39,195	39,753
Interest expense on Unsecured loans from Non-Controlling Interest[1]	27,350	24,367
Less: borrowing cost capitalization	(3,846)	(3,614)
Total net interest expense	**123,036**	**107,151**

Lease financing expenses per IFRS 16	4,607	4,415
Amortization of finance fees	6,594	7,095
Other	2,838	7,520
Other finance expense	**14,039**	**19,030**
Change in short-term financial instruments and derivatives	56,066	26,149

[1] The interest expenses on the Unsecured Shareholders loans and on the Unsecured Non-Controlling interest loans are only payable in the 10th anniversary year of the loan (see Note 14).

NOTE 23 – INCOME TAX

The main tax laws imposed on the Group companies in their countries of residence:

(1) United Kingdom

The UK subsidiaries are subject to taxation under the laws of the United Kingdom. The corporation tax rate for UK companies in 2022 is 19%.

On 24 May 2021, the report stage and third reading of the UK Finance Bill 2021 in the House of Commons took place and the final government amendments were passed. The amendments include an increase in the corporation tax rate from 19% to 25% on profits over GBP 250 thousand starting from 1 April 2023.

(2) Germany

The German subsidiaries are subject to taxation under the laws of Germany. Income taxes are calculated using a federal corporate tax of 15% for 31 December 2022, plus an annual solidarity surcharge of 5.5% on the amount of federal corporate taxes payable (aggregate tax rate: 15.825%).

On 7 May 2021, the Federal Council approved a new amendment to the German Real Estate Transfer Tax ("RETT") Act. The reform, among other things, introduces an entirely new provision for corporations which stipulates that the transfer of 90% of the shares in a corporation to new shareholders within a period of 10 years triggers RETT. The new law is applied as of 1 July 2021, without having a retroactive effect, however, transactions prior to the date of effectiveness may nevertheless be relevant. The Group analyzed the new law, and concluded that in the current structure of the company there is no material effect.

With the Annual Tax Act 2022 (Jahressteuergesetz 2022) that came into force 16 December 2022, a new regulation was introduced which provides for a revised valuation of real estate. This may have an effect to the calculation of RETT and is therefore relevant for the Group in case of new acquisitions.

(3) Luxembourg

The Company and part of its subsidiaries are subject to taxation under the laws of Luxembourg. The effective corporation tax rate applicable in 2022 for Luxembourgish companies is 24.94%.

(4) Cyprus

The Cypriot subsidiaries are subject to taxation under the laws of Cyprus. The corporation tax rate for Cypriot companies is 12.5%. Under certain conditions interest income of the Cyprus companies may be subject to defense contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defense contribution at the rate of 17%.

Composition of income tax expense (income)

The major components of income tax expense recorded in the profit or loss statement are:

	For the year ended 31 December 2022	For the year ended 31 December 2021
	EUR thousands	EUR thousands
Current tax expense		
Current year	18,226	19,055
Adjustments for prior years, net	889	4,218
	19,115	**23,273**
Deferred tax expense (income)		
Origination and reversal of temporary differences	(43,954)	97,990
Income tax expense (income)	**(24,839)**	**121,263**

Reconciliation of tax expense and the accounting profit multiplied by Luxemburg's tax rate is as follows:

	For the year ended 31 December 2022	For the year ended 31 December 2021
	EUR thousands	EUR thousands
Statutory income tax rate	24.94%	24.94%
Profit (loss) before taxes	(341,996)	310,595
Tax expenses (income) using the Company's domestic tax rate	(85,294)	77,462
Income not taxable for tax purposes	(9,993)	(1,527)
Non-deductible expenses	32,850	1,690
Effect of tax rates in foreign jurisdictions	13,162	(12,712)
Deferred tax assets not recognized for tax losses and other timing differences	23,617	16,700
Effect of changes in enacted tax rates	(2,848)	39,042
Adjustments for prior years	3,671	3,347
Other differences, net	(4)	(2,739)
Income tax reported in the statement of profit or loss	**(24,839)**	**121,263**

The deferred income tax liability is reflected in the statement of financial position as follows:

	31 December 2022	31 December 2021
	EUR thousands	EUR thousands
Deferred tax liabilities	229,030	281,711
Total deferred income tax liability	**229,030**	**281,711**

The deferred tax liability arises from the following components:

	2022	2021
	EUR thousands	
As at 1 January	281,711	174,170
Revaluations of investment property to fair value	(45,190)	58,948
Derecognition due to disposal of subsidiary	-	(206)
Impact due to changed deferred tax rate	-	39,042
Foreign exchange differences	(8,661)	8,122
Fair value of Derivatives	1,818	-
Other	(648)	1,635
As at 31 December	**229,030**	**281,711**

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NOTE 24 – OPERATING SEGMENTS

The Group has two reportable segments - as described below, which form the Group's strategic business units. The allocation of resources and evaluation of performance are managed separately for each business unit because they have different asset class and different geography, hence exposed to different risks and required yields.

For each of the business units, the Group's chief operating decision maker (CODM) reviews management reports on at least a quarterly basis for:

- Properties located in Germany;
- Properties located in the United Kingdom.

The CODM is the Group's Chief Executive Officer.

Commercial properties in Germany include predominately office asset class (82% of the total fair value of the German portfolio as at 31 December 2022). The other asset class in Germany include hotels, residential and retail investment property. None of these segments meets any of the quantitative thresholds for determining reportable segments during the Reporting period.

The accounting policies of the operating segments are the same as described in Note 3 regarding significant accounting policies presented above. Performance is measured based on segment operating profit as included in reports that are regularly reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the segments' results. Segment results reported to the CODM including items directly attributable to a segment on a reasonable basis. Financial expenses, financial income and taxes on income are managed on a group basis and, therefore, were not allocated to the different segment activities. Segment assets comprise mainly investment property, cash and equivalents and operating receivables whereas segment liabilities comprise mainly borrowings and operating payables.

Information regarding the results of each reportable segment is provided below:

	United Kingdom	Germany*	Total Consolidated
		EUR thousands	
For the year ended 31 December 2022			
Revenues	143,960	89,034	**232,994**
Property revaluations and capital gains	(165,572)	(159,798)	**(325,370)**
Property operating expenses	(2,136)	(25,365)	**(27,501)**
General and administrative expenses	(1,741)	(10,447)	**(12,188)**
Reportable segment operating profit	**(25,489)**	**(106,576)**	**(132,065)**
Share in loss from investment in equity-accounted investees			**(10,418)**
Corporate general and administration expenses			**(6,372)**
Net finance expenses			**(193,141)**
Profit before tax	**(25,489)**	**(106,576)**	**(341,996)**

* The operating segments table for Germany contains non-material properties in another EU jurisdiction.

	United Kingdom	Germany*	Total Consolidated
		EUR thousands	
For the year ended 31 December 2021			
Revenues	128,339	71,288	**199,627**
Property revaluations and capital gains	149,078	131,976	**281,054**
Property operating expenses	(3,684)	(17,616)	**(21,300)**
General and administrative expenses	(2,086)	(9,744)	**(11,830)**
Reportable segment operating profit	**271,647**	**175,904**	**447,551**
Share in profit from investment in equity-accounted investees			**19,725**
Corporate general and administration expenses			**(4,351)**
Net finance expenses			**(152,330)**
Profit before tax	**271,647**	**175,904**	**310,595**

* The operating segments table for Germany contains non-material properties in another EU jurisdiction.

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NOTE 25 – RELATED PARTY DISCLOSURES

The immediate Parent of the Company is disclosed in Note 1.

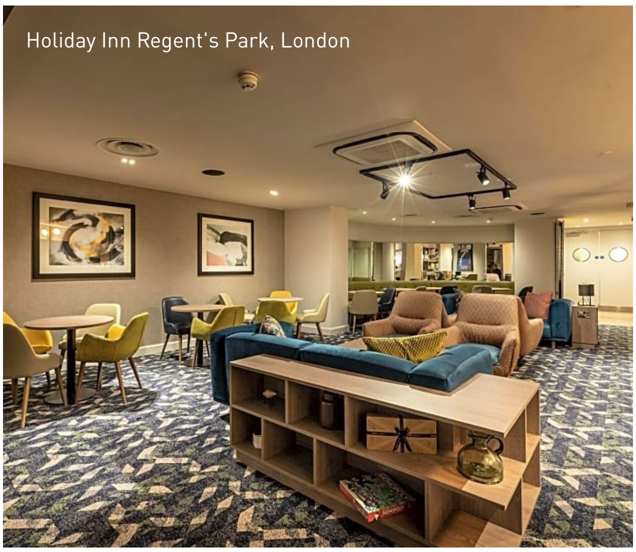
The Group's investment in significant subsidiaries are listed in the following table:

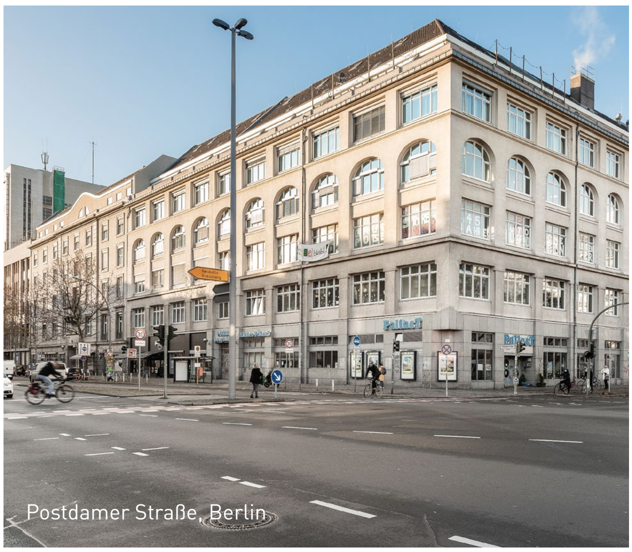
			31 December	
			2022	2021
Subsidiary *Subsidiaries held directly and indirectly by the Company*	**Country of incorporation**	**Principal activities**	**% equity interest**	
Lux Investment Company 210 S.à r.l.	Luxembourg	Financing	100.0%	100.0%
Ribbon HoldCo Limited	United Kingdom	Holdings	100.0%	100.0%
UK Investment Company 211 Mezz HoldCo Limited	United Kingdom	Holdings	100.0%	100.0%
Zinc Hotels HoldCo Limited	United Kingdom	Holdings	100.0%	100.0%
Vivion Capital Partners S.A.	Luxembourg	Financing	100.0%	100.0%
Golden Capital Partners S.A.	Luxembourg	Holdings	51.5%	51.5%

The following balances with related parties are included in the consolidated financial statements:

	31 December 2022	31 December 2021
	EUR thousands	
Consolidated statement of fiancial position		
Rent and other receivables from related parties**	48,988	20,061
Loans to equity-accounted investee	27,439	21,841
Payables to related parties	(3,211)	4,197
Unsecured loans from Shareholders*	(760,588)	803,362

* In 2022 Shareholders' loans in an amount of EUR 48.8 million were sold from the Parent to the Investor. For further information see Note 11.
** In January 2023, the balance was reduced by EUR 19 million.


Holiday Inn Regent's Park, London


Postdamer Straße, Berlin

	For the year ended 31 December	
	2022	2021
	EUR thousands	
Consolidated statement of profit or loss		
Rental and service charges income (2) (3)	121,493	106,420
Interest income on loans to equity-accounted investee	2,059	3,252
Services and management fee charges (1)	(7,885)	(6,887)
Interest on loans from Shareholders	(37,201)	(39,391)

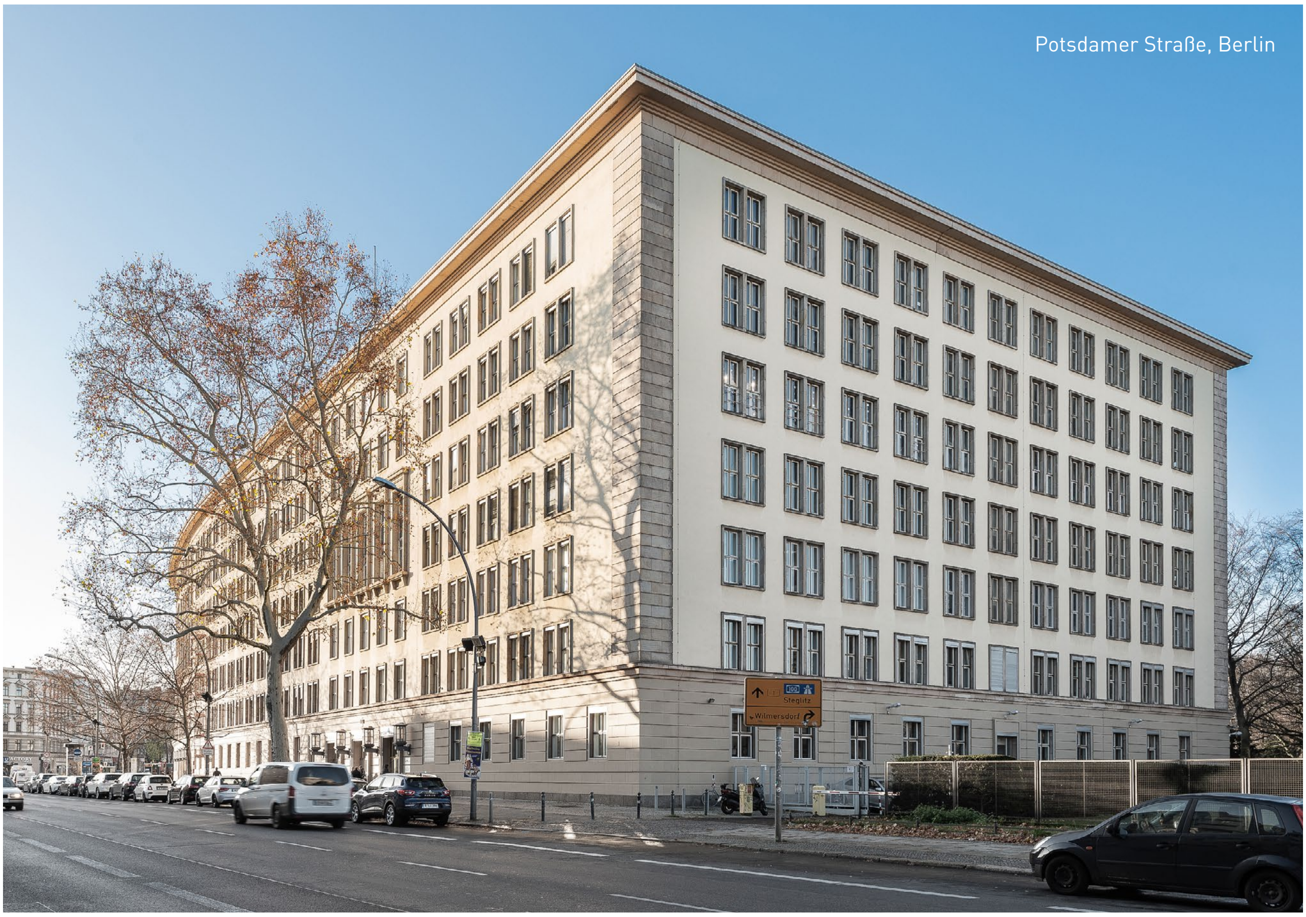
(1) The Group is engaged with affiliated companies to the beneficial owner of the Company for providing services to the Group companies. These services include General Management, Asset Management, Property Management, Project Management and Facility Management, which are being charged for as a percentage of the rental income and/or Gross operating profit of the respective property company.

(2) A portion of Vivion's UK hotel assets are leased to related Operating Companies.

(3) Includes tenant incentive for 2022 that was booked on straight line basis.

Staff and Emoluments
As at the reporting date and throughout the year, the Group did not have any staff employed by the Group.

Director fees
In 2022, the Group paid Director's fees of approximately EUR 88 thousand (2021: EUR 47 thousand).



Potsdamer Straße, Berlin

NOTE 26 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's principal financial liabilities are loans, notes and borrowings. The main purpose of these loans, notes and borrowings is to finance the acquisition of its property portfolio. The Group has rent and other receivables, trade and other payables and cash and cash equivalents that arise directly from its operations.

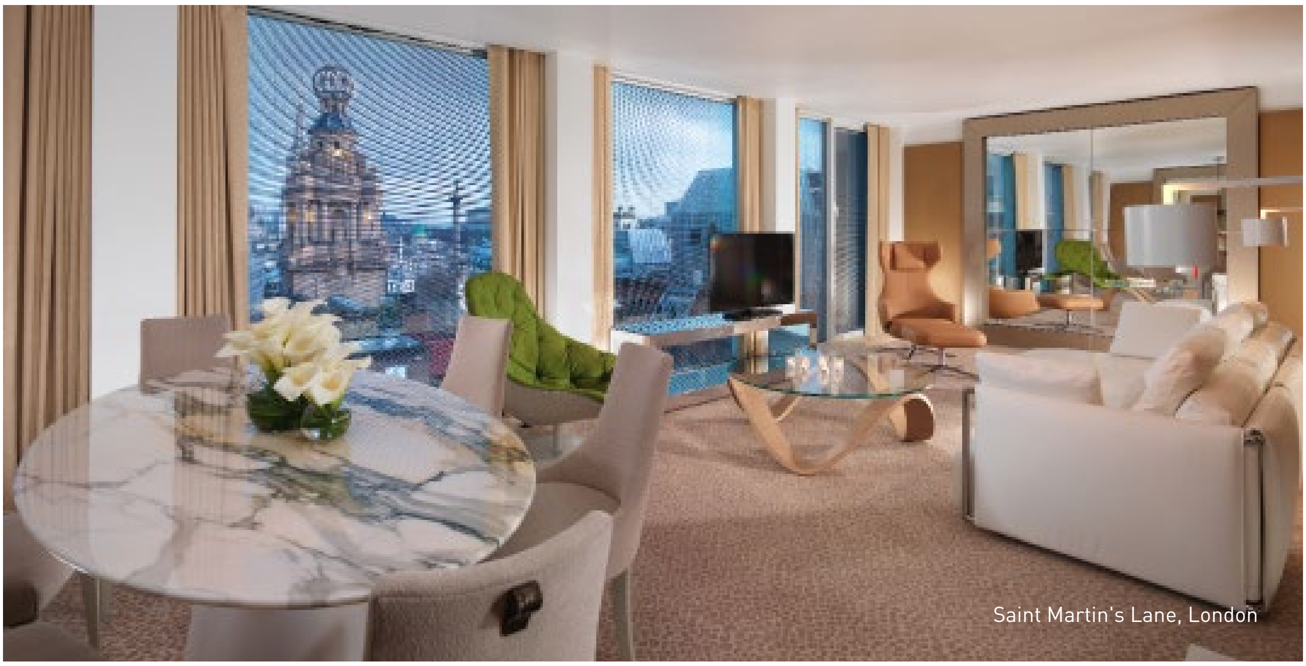
26.1 Composition of financial instruments

Below is an overview of the financial assets and liabilities, held by the Group as at 31 December 2022 and 31 December 2021:

Financial assets

	31 December 2022	31 December 2021
	EUR thousands	
Financial assets at amortized cost		
Cash and cash equivalents	839,102	803,317
Financial assets at amortized cost (2)	18,225	336,870
Trade and other receivables	86,723	57,098
Other financial assets	66,149	57,965
Restricted bank and other deposits	26,279	40,676
Loans to equity-accounted investees	31,441	21,841
Financial assets at fair value		
Financial assets at fair value through profit and loss*	66,963	95,857
Financial assets at fair value through other comprehensive income (1)	7,959	138,600
Total	**1,142,841**	**1,552,224**

*Including Derivatives.



Saint Martin's Lane, London

Financial liabilities

	31 December 2022	31 December 2021
	EUR thousands	
Financial liabilities at amortized cost		
Senior Unsecured Bonds	1,261,407	1,325,016
Secured loans and borrowings (incl. current portion)	834,786	706,537
Unsecured Convertible bond	182,343	175,648
Long-term lease liabilities	81,404	79,363
Liability for sale and leaseback transaction	63,086	64,048
Other short-term liabilities	36,395	32,251
Trade and other payables*	46,285	25,145
Tenant deposits	3,826	2,269
Unsecured Loans from Shareholders	846,104	803,362
Unsecured loans from non-controlling interests	604,830	527,168
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities	42,445	32,452
Total	**4,002,911**	**3,773,259**

* Including Income tax payables.

(1) In September 2022, the Group completed a transaction with Aggregate Holdings SA to settle the remaining outstanding position of the traded bonds (the "**Bonds**"), with a nominal amount of approximately EUR 220 million. As of the Reporting date, EUR 196 million of the outstanding Bonds nominal amount was settled through acquisition of an asset in the Quartier Heidestrasse ("**QH**") project in central Berlin. Upon acquisition, the asset ("**QH Core**") had a total Gross Asset Value of approximately EUR 330 million, and Net Asset Value of ca. EUR 196 million. The asset is newly built, income producing, well occupied and located in a prime location in Berlin. As of 31 December 2022, the Bonds the fair value is ca. EUR 8 million. For more information see Note 6.C.5.

(2) In October 2022, the Group granted as part of a real estate transaction a loan to a third party in the amount of EUR 18 million. The loan has a maturity of 2 years, bears fixed interest rate of 6%-7.5% per annum, and secured by multiple securities.

26.2.1 Fair value measurement hierarchy

The following table shows the fair value measurement hierarchy of the Group's assets and liabilities which are presented at fair value as 31 December 2022 and 31 December 2021 under the relevant fair value hierarchy. In addition, presented are the financial liabilities that are not measured at fair value and for which their carrying amount differs from the fair value:

	31 December 2022 Fair value measurement using EUR thousands				
	Carrying amount	**Total fair value**	**Quoted prices in active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (level 3)**
Financial assets					
Financial assets at fair value through profit and loss	34,718	34,718	34,718	-	-
Financial assets at fair value through other comprehensive income	7,959	7,959	7,959	-	-
Derivative financial instruments*	32,245	32,245	-	32,245	-
Total	**74,922**	**74,922**	**42,677**	**32,245**	**-**

Financial liabilities					
Derivative financial liabilities	42,445	42,445	-	-	42,445
Total	**42,445**	**42,445**	**-**	**-**	**42,445**

* Variable interest rate bank loans are hedged with interest cap rate and interest swap rate derivatives with a fair value of EUR 32.2 million as at 31 December 2022.

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	31 December 2021 Fair value measurement using EUR thousands				
	Carrying amount	**Total fair value**	**Quoted prices in active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (level 3)**
Financial assets					
Financial assets at fair value through profit and loss	24,406	24,406	24,406	-	-
Financial assets at fair value through other comprehensive income	138,600	138,600	138,600	-	-
Derivative financial instruments*	71,451	71,451	-	-	71,451
Total	**234,457**	**234,457**	**163,006**	**-**	**71,451**
Financial liabilities					
Derivative financial liabilities	32,452	32,452	-	-	32,452
Total	**1,533,116**	**1,515,922**	**1,308,468**	**-**	**207,454**

* Includes option on traded notes held as of 31 December 2021 in the amount of EUR 71.4 million.

Level 1: the fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period.

Level 2: the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable data and rely as little as possible on entity-specific estimates. If all significant input required to fair value of financial instrument are observable, the instrument is included in level 2.

Level 3: if one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There have been no transfers between Level 1, Level 2 and Level 3 during 2022 and 2021.

26.2.2 Financial assets and liabilities at amortized cost

The carrying amounts of certain financial assets and liabilities, including cash and cash equivalents, trade receivables, other receivables, restricted bank and other deposits, other financial assets, loans to equity-accounted investees, trade payables, other payables are the same or proximate to their fair value. The main part of loans and borrowings bear variable interest rate, and thus are proximate to their fair value.

The shareholder loans provided by the Investor in June 2022 (see Note 14(2)) proximate to their fair value. The loans carry the same terms and conditions as the existing shareholder loans, and thus proximate their fair value as well.

The following table represents the fair value of financial liabilities for disclosure purposes:

	31 December 2022		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	EUR thousands			
Convertible bond[3]	182,343	151,700	175,648	175,002
Senior Unsecured Bonds [1,2]	1,261,407**	987,046	1,325,016	1,308,468
Total	**1,443,750**	**1,138,746**	**1,500,664**	**1,483,470**

[1] The fair value of the senior unsecured bonds are based on price quotations at the reporting date (Level 1).
[2] The Senior Unsecured Bonds include capitalized issuance costs of EUR 7 million (2021: EUR 14 million).
[3] The fair value of the convertible bond is following the quoted price of the Senior unsecured bonds (Level 2).

26.3 Risk Management

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Interest rate risk;
- Currency risk.

This note presents quantitative and qualitative information about the Group's exposure to each of the above risks, and the Group's objectives, policies and processes for measuring and managing risk.

The Board of Managers has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

26.3.1 Credit risk

Credit risk is the risk of financial loss to the Group if a tenant or counter party to a financial instrument fails to meet its contractual obligations and arises mainly from the group's receivables from tenant. The Group has no significant concentration of credit risk.

The Group recognized an impairment loss for Financial assets at FVOCI for an amount of EUR 10.1 million (2021: EUR 68.5 million), and allowance for expected credit losses for financial assets measured at amortized cost of EUR 177 thousand (2021: EUR 24.6 million).

Receivables
The Group had established a policy regarding credit risk for tenants to ensure that lease contracts are made with tenants which have an appropriate credit history. The policy is managed by the asset managers subject to control procedures relating to customer credit risk management. Monitoring on the outstanding customer receivables is conducted regularly on a continuous basis considering the aging profile of its receivables. Credit risk is further managed by requiring tenants to pay rentals in advance. At each reporting date, an analysis is performed

to assess the allowance to expected credit loss on an individual basis for major tenants. The factors taken into consideration in assessing the allowance are inter alia the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The amount of ECLs may be subject to changes in macro-economic environment. The Group's historical credit loss experience and expectation of economic condition may also not be representative of customer's actual default in the future.

Cash and cash equivalents

The Group holds cash and cash equivalents with banks and financial institutions with a short-term rating of P1 to P3 based on the ratings of Moody's.

Impairment on cash and cash equivalents has been measured on 12-month expected loss basis and reflects the short maturities of the exposures. During the year no impairment has been recognised on cash and cash equivalents. The Group considers that its cash and cash equivalents have low credit risk based on the credit ratings of the counterparties.

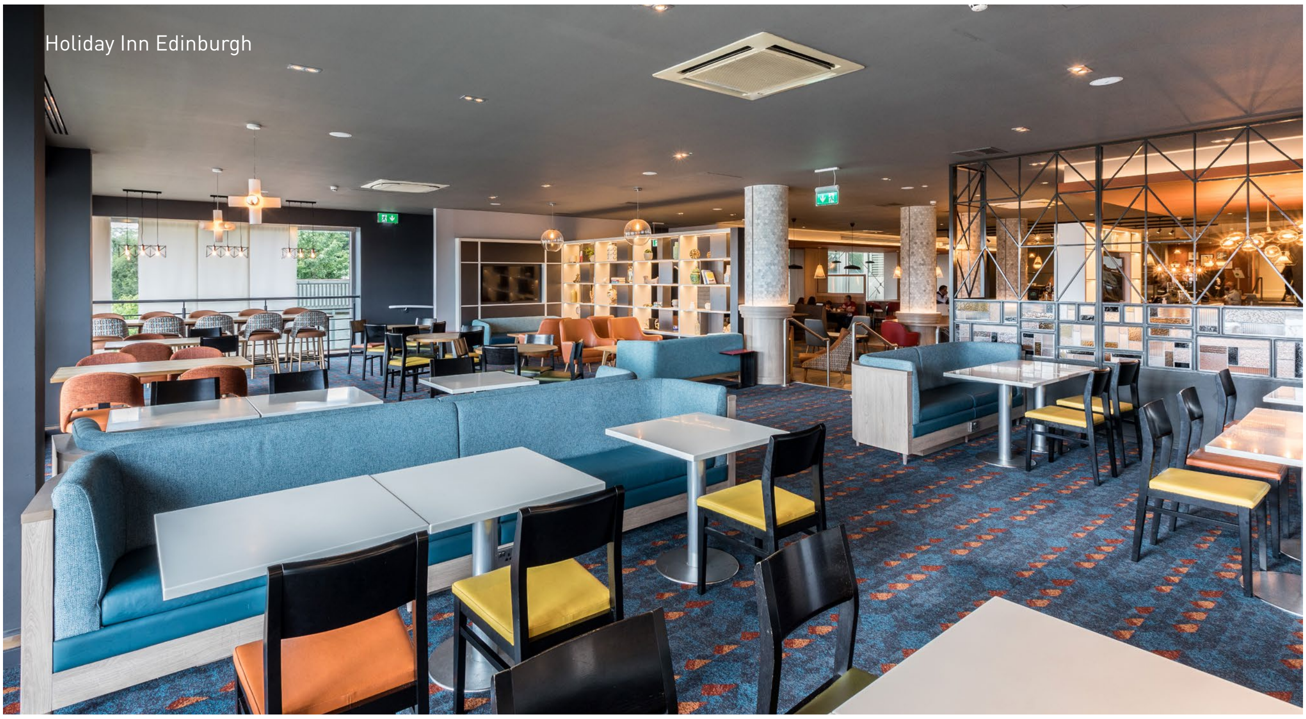
Derivatives

The counterparty of the derivatives held by the Group is financial institutions rated A1 based on the rating of Moody's.

Exposure to credit risk

The maximum exposure to credit risk for rent and other receivables at the reporting date by geographic regions was as follows:

Exposure to credit risk	31 December 2022	31 December 2021
	EUR thousands	
Euro-zone countries	121,254	601,159
United Kingdom	31,488	29,092
Total	**152,742**	**630,251**


Holiday Inn Edinburgh

Assessment of expected credit losses

As at 31 December 2022, the breakdown of rent receivables is set out below:

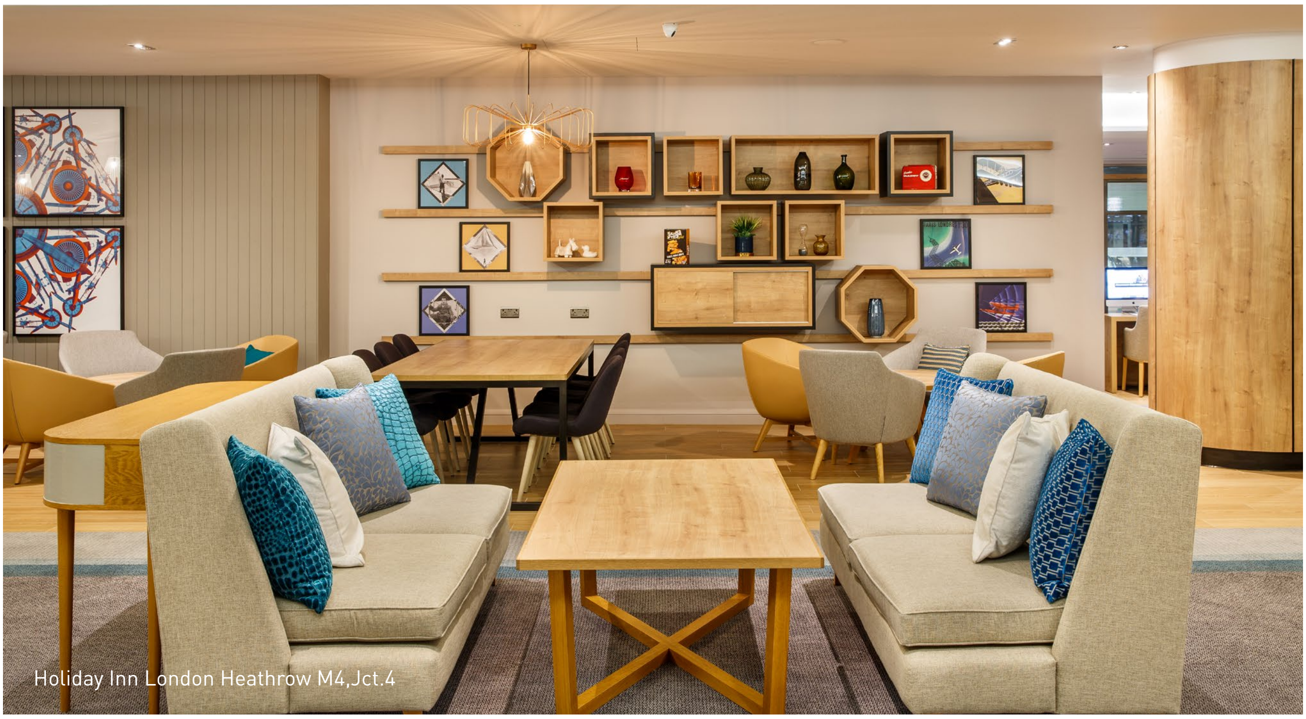
	Gross carrying amount	Loss allowance	Net balance
		EUR thousands	
Past due 0-30 days	2,727	-	2,727
Past due 31-120 days	948	(11)	937
Past due 120 days to one year	4,530	(118)	4,412
Past due more than one year	18,665	(5,971)	12,694
Total	**26,870**	**(6,100)**	**20,770**

As at 31 December 2021, the breakdown of rent receivables is set out below:

	Gross carrying amount	Loss allowance	Net balance
		EUR thousands	
Past due 0-30 days	4,449	(1)	4,448
Past due 31-120 days	1,601	(10)	1,591
Past due 120 days to one year	9,179	(1,790)	7,389
Past due more than one year	7,277	(5,211)	2,066
Total	**22,506**	**(7,012)**	**15,494**

The fair value of the receivables approximates the net carrying amount.

The Group assesses the expected credit loss on an individual basis for major tenants, per each aging group and had determined that the net balance as at 31 December 2022 is proximate to their fair value.



Holiday Inn London Heathrow M4,Jct.4

26.3.2 Liquidity risk

Cash flow forecasts are determined on both an individual company basis and a consolidated basis. The Company examines current forecasts of its liquidity requirements to ensure that there is sufficient cash for its operating needs, and it is careful at all times to have enough unused credit facilities so that the Company does not exceed its credit limits. These forecasts take into consideration matters such as plan the Group may occasionally have to use additional debt and/or equity for financing its activity, as well as compliance with law requirements.

The following are the contractual maturities of financial liabilities at undiscounted amounts and based on the future rates forecasted at the reporting date, including estimated interest payments.

		Contractual cash flows including interest				
	2022 Carrying amount	**Total**	**2023**	**2024**	**2025**	**> 2026**
	EUR thousands					
As at 31 December 2022						
Secured Loans and borrowings	834,786	**885,214**	310,917	274,448	13,718	286,131
Senior unsecured Bonds	1,261,407	**1,373,700**	41,223	696,047	636,430	-
Unsecured Convertible bond	182,343	**213,500**	4,500	4,500	204,500	-
Long-term lease liabilities[1]	81,404	**257,340**	5,338	5,338	5,351	241,313
Liability for sale and leaseback transaction	63,086	**270,792**	1,370	1,370	1,370	266,682
Tenant deposits	3,826	**3,826**	327	63	17	3,419
Trade and other payables	51,629	**51,629**	51,629	-	-	-
Subtotal	**2,478,481**	**3,056,001**	**415,304**	**981,766**	**861,386**	**797,545**
Unsecured Loans from Shareholders	846,104	**897,043**	-	-	-	897,043
Unsecured Loans from non-controlling interests	604,830	**782,863**	-	-	9,641	773,222
Total	**3,929,415**	**4,735,907**	**415,304**	**981,766**	**871,027**	**2,467,810**

[1] Long-term lease liabilities include Liability for sale and lease back transaction.


St Martins Lane, London


Gustav-Heinemann-Ring, Ismaning (Munich)

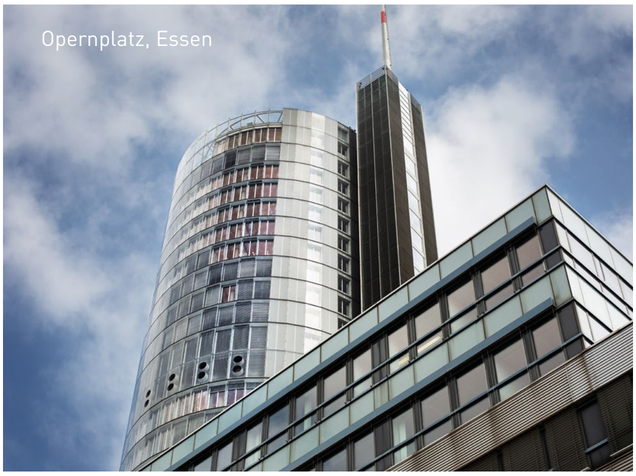
	2021 Carrying amount	Total	Contractual cash flows including interest 2022	2023	2024	> 2025
	EUR thousands					
As at 31 December 2021						
Secured Loans and borrowings	706,537	**759,407**	45,038	339,787	203,291	171,291
Senior unsecured Bonds	1,325,016	**1,480,514**	43,400	43,400	735,058	658,656
Unsecured Convertible bond	175,648	**216,336**	4,500	4,500	4,500	202,836
Long-term lease liabilities[1]	79,363	**253,614**	5,155	5,155	5,155	238,149
Liability for sale and leaseback transaction	64,048	**276,052**	1,391	1,391	1,391	271,879
Tenant deposits	2,269	**3,988**	-	1,194	525	2,269
Trade and other payables	31,522	**31,522**	31,522	-	-	-
Subtotal	**2,384,403**	**3,021,433**	**131,006**	**395,427**	**949,920**	**1,545,080**
Unsecured Loans from Shareholders	803,362	**944,884**	-	-	-	944,884
Unsecured Loans from non-controlling interests	527,168	**728,875**	-	-	-	728,875
Total	**3,714,933**	**4,695,192**	**131,006**	**395,427**	**949,920**	**3,218,839**

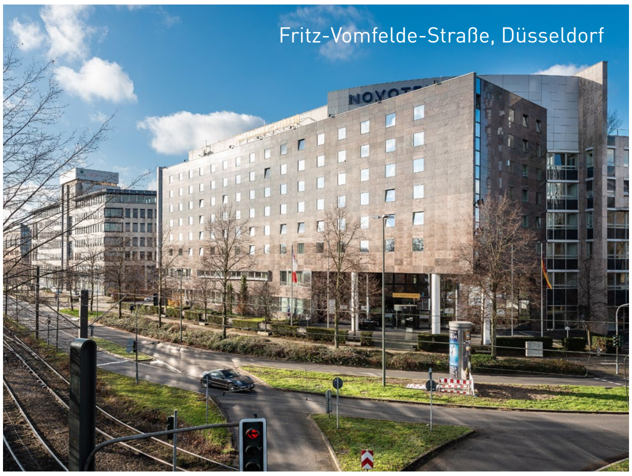
[1] Long-term lease liabilities include Liability for sale and lease back transaction.

As disclosed in Note 12 regarding secured loans and borrowings, the Group has secured bank loans which contain financial covenants. The breach of a financial covenant may require the Group to repay part of the loans earlier than indicated in the above table.

The actual interest payments on variable interest rate loans may be different from the amounts in the above table. The liquidity analysis presented above includes maximum amounts that may be required in respect of a financial guarantee granted. Nevertheless, it is clarified that the Group does not expect to pay these amounts as the debtor is not expected to default.

Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.


Opernplatz, Essen


Fritz-Vomfelde-Straße, Düsseldorf

26.3.3 Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's variable-rate long-term debt instruments. The Group manages its interest rate risk by hedging long-term debt with floating rate using swap and cap contracts.

As at 31 December 2022, after taking into account the effect of hedging, the interest profile of the Group's long-term debt (Secured loans and borrowings and Senior Unsecured bonds) was as follows:

	31 December 2022	31 December 2021
	EUR thousands	
Fixed rate	1,775,312	1,880,675
Capped rate	497,295	325,327
Total	**2,272,607**	**2,206,002**

The analysis below describes reasonably possible movements in interest rates with all other variables held constant, showing the impact on profit before tax and pre-tax equity. It should be noted that the impact of movement in the variables is not necessarily linear.

The impact on the Group's annual finance expenses would be as follows:

	31 December 2022		31 December 2021	
	EUR thousands			
	+ 15 bps	**- 15 bps**	**+ 15 bps**	**- 15 bps**
3M Sonia	-	-	485	(485)
3M Euribor	221	(221)	227	(227)

All 3M Euribor loans have interest rate caps or swaps to hedge the Euribor interest exposure. The GBP Sonia loan has interest rate cap, to hedge the interest risk of the GBP Sonia interest rate up to 2%. Derivatives are not accounted for through hedge accounting.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss with respect to changes in fair value measurement.

26.3.4 Currency risk

The Group functional currency is the Euro. The Group has net investments in foreign operations whose functional currency is the GBP and is therefore exposed to currency risk due to the fluctuations of the currency exchange rates in translation of financial statements of the foreign operations from GBP to EUR.

Interest on borrowings is denominated in the currency of the borrowing. Generally, according to the Group's policy loan borrowings are obtained in currencies that match the cash flows generated by the respective underlying operations of the Group, primarily GBP and EUR. This provides an economic hedge without derivatives being entered into and without application of hedge accounting.

The company continuously monitors its foreign currency exposure both from a fair value and cash flow perspective. To the extent there is no natural hedging, the Group ensures that its net exposure is kept to an acceptable level by keeping these foreign assets or liabilities to minimum levels.

The Group's exposure to linkage and foreign currency risk was as follows:

	31 December 2022			31 December 2021		
	GBP	Other	Total	GBP	Other	Total
	EUR thousands					
Financial assets						
Current assets:						
Trade and other receivables	31,488	649	**32,137**	29,092	200	**29,292**
Cash and cash equivalents	99,371	2,248	**101,619**	79,977	214	**80,191**
Other assets	10,107	29	**10,136**	1,955	22	**1,977**
Non-current assets:						
Derivatives	2,256	-	**2,256**	295	-	**295**
Restricted bank and other deposits	-	3	**3**	29,515	3	**29,518**
Other assets	-	10	**10**	-	-	**-**
Financial liabilities						
Current liabilities:						
Trade and other payables	(7,485)	(178)	**(7,663)**	(8,859)	(153)	**(9,012)**
Other short term liabilities	(21,117)	(30)	**(21,147)**	(22,561)	-	**(22,561)**
Current portion of loans from credit institutions	(282,009)	-	**(282,009)**	(5,353)	-	**(5,353)**
Non-current liabilities:						
Secured Loans and borrowings	-	(3,148)	**(3,148)**	(323,245)	-	**(323,245)**
Tenancy Deposits	-	(91)	**(91)**	-	-	**-**
Finance lease liability	(74,664)	-	**(74,664)**	(67,806)	-	**(67,806)**
Unsecured Loans from non-controlling interests		(44)	**(44)**	-	-	**-**
Liability for sale and leaseback	(63,086)	-	**(63,086)**	(64,048)	-	**(64,048)**
Total net exposure in statement of financial position in respect of financial assets and financial liabilities*	**(305,139)**	**(552)**	**(305,691)**	**(351,038)**	**286**	**(350,752)**

[1] The net exposure excludes Shareholders' loans in GBP as those are subordinated and convertible at the company's sole discretion (for further information see Note 14).

Sensitivity analysis

A 5% strengthening (weakening) of the GBP against the Euro at 31 December would affect the measurement of financial instrument denominated in foreign currency and affect the equity by the amounts shown below. This analysis assumes that all other variables in particular interest rates remain constant.

	31 December 2022			31 December 2021		
	EUR	**Change in GBP rate**	**Effect on other comprehensive income**	**EUR**	**Change in GBP rate**	**Effect on other comprehensive income**
Total net exposure in statement of financial position in respect of financial assets and financial liabilities	(305,139)	+5%	**(15,257)**	(351,038)	+5%	**(17,552)**

26.3.5 Cash and cash equivalents

	31 December 2022	31 December 2021
	EUR thousands	
EUR	737,483	723,126
GBP	99,371	79,977
Other	2,248	214
Total	**839,102**	**803,317**

26.3.6 Capital management

The Group manages its capital in order to ensure it is able to continue as a going concern with preservation of liquidity. The Group aims to increase the overall portfolio value. Management continuously monitors performance indicators, such as Loan to Value ratio (LTV), which is calculated on both entity and portfolio levels, where applicable, which enables monitoring to remain within its quantitative covenants originating from bank financing, other debt financing instruments and to support its credit rating. The Company is committed to optimizing its capital structure in order to reduce the overall cost of capital, balance the Company's cash flow profile and maximize operational flexibility. In order to achieve this, the Company regularly access both debt and equity capital from a range of capital providers. During the reporting period, the Group complied with all externally imposed capital requirements and financial covenants.

26.3.7 Other risks

The Group's portfolio is located in major cities and strong markets throughout Germany and the United Kingdom. The current regional distribution structure enables the Group on one hand to benefit of economic scale, and on the other provided a diverse well allocated and risk-averse portfolio.

NOTE 27 – SUBSEQUENT EVENTS

(1) In January 2023, the Company refinanced a secured debt facility associated with part of its UK portfolio. The outstanding facility of GBP 254 million (EUR 282 million) as at 31 December 2022 has been fully prepaid using its own liquidity and a new GBP 200 million senior secured facility, bearing an interest of 3.95% + 5 year Sonia, maturing in October 2027.

(2) In January 2023, the Condition Precedent that were related to the acquisition of QH Spring were not met and the acquisition did not occur.

(3) In March 2023, the Group received the remaining EUR 50 million in respect of the deferred payment outstanding amount (presented under Other short-term assets) from the sale of the Non-traded bonds. Following this payment, there are no more pending deferred payments that relate to the sale of the Non-traded bonds (see Note 26.1(3)).

(4) Following Note 13(1), in 2023, the Group performed additional buy-back of its own issued unsecured bonds in a nominal amount of EUR 26 million (EUR 20 million from the 3% 2024 Bonds; EUR 6 million from 3.5% 2025 Bond), resulting in a total buy-back of EUR 97.9 million as of the Report date.

Vivion Investments S.à r.l.
155, Rue Cents
L-1319 Luxembourg