

SEMI-ANNUAL REPORT 2022



EPH EUROPEAN PROPERTY
HOLDINGS

MANAGEMENT REPORT

- 01 STATEMENT OF THE BOARD OF DIRECTORS
- 04 KEY PERFORMANCE INDICATORS
- 06 PROPERTY REVIEW
- 25 CORPORATE GOVERNANCE

EXTERNAL REPORTS

- 30 INDEPENDENT AUDITOR'S REPORT
- 32 REPORTS EXTERNAL VALUERS

FINANCIAL REPORT

- 44 INTERIM CONDENSED CONSOLIDATED ACCOUNTS (UNAUDITED)
- 50 NOTES TO THE INTERIM CONDENSED CONSOLIDATED ACCOUNTS

GENERAL INFORMATION

- 80 CORPORATE DETAILS

DEAR SHAREHOLDERS

The current market environment poses great challenges for the entire real estate industry. We are confronted with various trouble spots around the world – the coronavirus pandemic, the conflict in the Ukraine, combined with surging inflation and the resulting interest rate increases.

Especially the sanctions against Russia, which have changed the operating environment in Russia and the relationships between Russia and Europe, do affect EPH and its business as a part of our real estate portfolio is in Moscow. However, due to our strong portfolio in Western Europe and the fact that all our properties are operating independently from each other, our business is until now only affected to a limited extent.

Due to the quality of our assets and our professional asset management, in the first half of 2022 we demonstrated once again the sustainability of our portfolio – the asset value of the Western European portfolio has increased by a solid 4% since year end 2021 as well as the net rental income of EPH Group in Western Europe has increased from EUR 8.5 million to EUR 11.5 million for the first six months of 2022 compared to the same period in 2021 – mostly because the properties QBC 1, 2 and 7 started to generate full income after the expiration of rent-free periods.

Despite the ongoing conflict in the Ukraine, also our real estate portfolio in Russia still shows a stable rental income. Nevertheless, our properties Berlin House and Geneva House are rented mostly to international tenants whose operational business in Russia remains restricted and we expect at least a shift in the tenant portfolio over the coming years. Furthermore, and as expected, the unstable political and economic situation in Russia has affected the independent valuations of our Russian portfolio. The values of the Russian properties decreased substantially by approx. 30% in functional currency (RUB) - mainly due to the RUB strengthening against US\$ - for Berlin House and Geneva House which are valued in US\$, but also due to the use of more conservative valuation assumptions to reflect the changes and uncertainties of the market. This factor was the reason for the loss of EUR 37.1 million reported by EPH for HY 2022. However, since the rouble has strengthened considerably the Russian properties show in the Company's consolidated financial statements an increase in asset value in EUR by 21%.

EPH continues to monitor geopolitical developments and the economic environment to evaluate how the situation is evolving, and to assess what actions to take. Among other things which need to be closely monitored, current prohibitions make transferring funds between EPH Russian entities and the EPH holding company in Cyprus difficult. As a measure to improve liquidity, in HY 2022, a total of EUR 103 million was raised from two EPH shareholders and the interest rates on the issued bonds were reduced.

The decision to not only invest in Russia but to geographically diversify the real estate portfolio to balance the uncertainties in Russia with investments in strong and stable economies has paid off. These investments in high-quality properties in prime locations in Europe form a stable basis for sustainable values, long-term capital preservation and stable risk-adjusted revenues.

Over the last few months, we have taken great strides forward with the refurbishment of LASS 1 office building in Vienna. Despite the difficult market environment, reconstruction measures have only been slightly delayed, and we are close to completing the refurbishment. The building offers its tenants modern workspaces on nine floors with a total area of almost 45,000 square metres. In July 2022, the first tenant, Wiener Gesundheitsverbund ("Vienna Healthcare Group"), has moved into the building and will be followed by Wiener ArbeitnehmerInnen Förderungsfonds ("Vienna Employment Promotion Fund") in October 2022 as well as ISS Austria in December 2022. ISS Austria will not only be a tenant but will also provide the facility management for the property which as such is expected to have a positive effect on the quality of the building, the entire process flow and on communication with tenants.

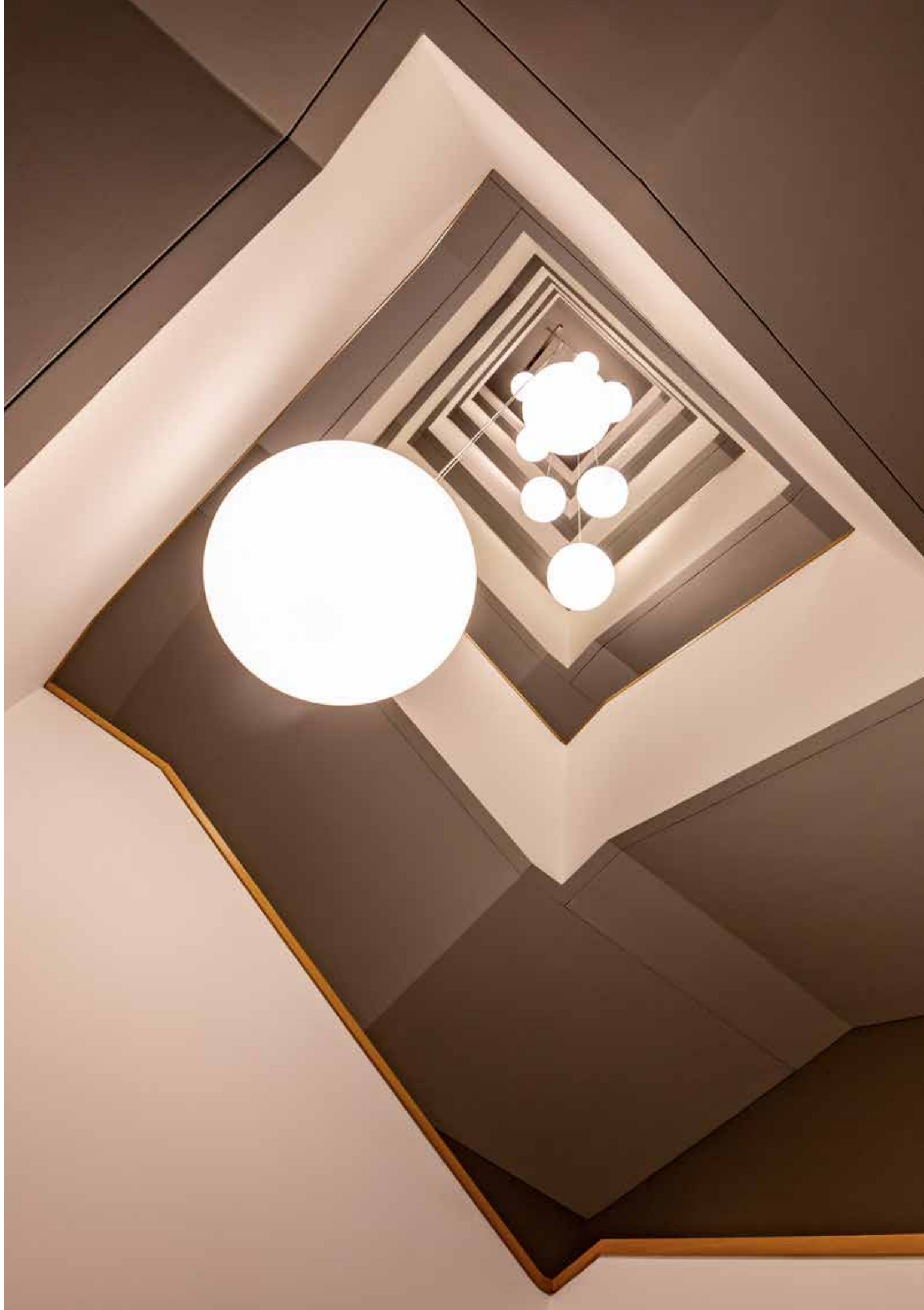
Following the fact that most of our assets are in Western Europe and to underline EPH's strategic focus, the Company was re-domiciled to Cyprus, a member of the European Union and Euro zone as well as changed its functional currency and presentation currency of EPH Group's financial statements from US\$ to EUR effective as of 1 January 2022. The change increases transparency and allows EPH to better reflect the performance of the asset portfolio as 60% of the portfolio is in Germany and Austria. Furthermore, as per the approval of the Company's shareholders, the currency of EPH's share capital has been changed and the Company's shares listed on the SIX Swiss Exchange are traded in euros since 10 June 2022. In addition, the currency of the Company's bonds issued on the stock exchange has been changed to euros after approval from all bondholders. Together with the mentioned factors the conversion from US\$ to euro reduces the currency fluctuations in the Group's financial result.

Despite the challenging market situation, we are optimistic about the future development of EPH. The performance of our European portfolio gives us good grounds to be confident. Our core strategic focus will remain the office asset class in the main cities of Europe while at the same time we believe that hotels in excellent locations and operated by large hotel chains also offer great potential. All in all, there are still very good opportunities in our target markets, particularly in Germany and Austria, where demand for modern spaces in very good locations remains high. We will carefully examine market opportunities in order to continue to position the real estate portfolio for long-term stability in income and value growth.

We would like to thank our shareholders for the trust they continue to place in our Company, and our business partners for their exceptional collaboration.

For the Semi Annual Report, we have opted to only focus on what has changed during the period under review. If you are looking at EPH European Property Holdings the first time, please be sure to also have the 2021 Annual Report on hand.

Sincerely,
The Board of Directors
September 2022



MANAGEMENT REPORT

KEY PERFORMANCE INDICATORS

in EUR	30.06.2022	30.06.2021	30.06.2020
Net rental income	33,319,866	26,613,092	26,297,544
Management fees	-1,699,860	-1,686,643	-1,431,261
Administrative and selling expenses	-2,013,377	-1,834,503	-2,102,097
Net gain arising from sale of residential properties	741,276	1,483,483	768,408
Net other operating income / (expenses)	641,485	471,593	-957,839
Operating Income	30,989,390	25,047,022	22,574,755
Finance costs	-15,677,696	-17,251,219	-16,530,365
Current tax expense	-3,560,912	-3,720,448	-3,700,927
Earnings from operational activity	11,750,782	4,075,355	2,343,463
Earnings from operational activity per share	0.82	0.41	1.49
Revaluation of investment properties	-90,056,503	13,725,270	19,150,021
Deferred tax (expense) / benefit	19,664,237	-3,726,279	2,390,080
Other extraordinary items	43,382	1,013,515	10,341,601
Total before foreign exchange movements	-58,598,102	15,087,861	34,225,165
Net foreign exchange (loss)/gain	21,462,297	-6,010,938	-25,472,165
Net Profit / (Loss) for period	-37,135,805	9,076,923	8,753,000
		as of	
	30.06.2022	31.12.2021	31.12.2020
Number of investment properties	15	15	15
Investment properties	1,472,469,352	1,336,060,767	1,242,008,175
Europe	60%	63%	62%
Russia	40%	37%	38%
Total Assets	1,832,340,653	1,566,462,809	1,502,282,671
Borrowings	1,053,133,065	933,758,626	907,033,024
Loan-to-value	57%	60%	60%
Market capitalization, million	386.63	379.35	333.63

For a reconciliation of non-IFRS measures see "Supplemental Reconciliations and Definitions" on page 75



EPH EUROPEAN PROPERTY HOLDINGS

REAL ESTATE

DIVERSIFIED CORE AND CORE PLUS COMMERCIAL REAL ESTATE PORTFOLIO

EPH European Property Holdings PLC (EPH) is a long-term investor with a diversified portfolio in standing assets across Europe with a total value of more than EUR 1.47 billion. We have been investing in real estate for about 20 years and are focusing on first-class properties in prime locations with strong international tenants and long-term lease agreements.

The current portfolio consists of 15 core assets in Germany's top cities as well as in Vienna and Moscow. Through investing in premium real estate in core European markets, EPH ensures long-term capital preservation and generates a stable, regular and risk-adjusted return for its stakeholders.

RUSSIA

OFFICE/mixed-use

- Moscow

GERMANY

OFFICE/HOTELS

- Stuttgart
- Hamburg
- Berlin
- Dresden

AUSTRIA

OFFICE

- Vienna



20 YEARS
investing in real estate

1.5 BILLION EUR
portfolio market value

15 CORE ASSETS
spread over 3 countries

60 %
of market value attributable to
properties in Western Europe

33 MILLION EUR
net rental income
HY 2022

250K sqm
total rental space
in the portfolio

We hold a diversified core/ core plus commercial real estate portfolio with over 250k sqm leasable area in excellent locations across Europe, which combines high yield properties in Moscow with stable values and income from properties in Germany's top cities and Vienna. The majority of our portfolio consists of prestigious office properties, generating two-thirds of our Gross Rental Income. We take advantage of the high demand for modern spaces in premium locations and currently refurbish a centrally located office property in Vienna.

PROPERTY REVIEW

AS OF 30 JUNE 2022 OUR PROPERTY HOLDINGS CONSISTS OF:

- 100% shareholding in four mixed-use commercial properties in Moscow: Berlin House, Geneva House, Polar Lights and Magistal'naya
- 99.98% shareholding in a mixed-use office and retail building in Moscow: Hermitage Plaza
- 94% shareholding in two mixed-use office and retail properties: City Gate in Stuttgart and Work Life Center in Hamburg
- 89.9% shareholding in a hotel property in Berlin: STRAL 3
- 100% shareholding in a hotel property in Dresden: SALZ 4
- 100% shareholding in three office properties and a parking garage in Vienna: QBC 1, QBC 2, QBC 4 & QBC 7
- 100% shareholding in a office property under refurbishment in Vienna: LASS 1
- Apartments, retail premises and parking lots in two mixed-use properties in Moscow: Arbat Multi-use Complexes



LASS 1

AUSTRIA / VIENNA

COUNTRY / CITY

OFFICE

ASSET CLASS

44,800

BUILDING AREA

EUR 136,386,000

COST

29,000

RENTABLE AREA

1993

YEAR OF CONSTRUCTION

100%

OWNERSHIP

UNDER REFURBISHMENT

APPRAISED VALUE



QBC 1

AUSTRIA / VIENNA

COUNTRY / CITY

OFFICE

ASSET CLASS

10,300

BUILDING AREA

0,0%

VACANCY RATE

9,300

RENTABLE AREA

2020

YEAR OF CONSTRUCTION

100%

OWNERSHIP

EUR 54,390,000

APPRAISED VALUE



QBC 2

AUSTRIA / VIENNA

COUNTRY / CITY

30,600

BUILDING AREA

30,100

RENTABLE AREA

100%

OWNERSHIP

OFFICE

ASSET CLASS

0,0%

VACANCY RATE

2020

YEAR OF CONSTRUCTION

EUR 183,670,000

APPRAISED VALUE



QBC 4

AUSTRIA / VIENNA

COUNTRY / CITY

20,000

BUILDING AREA

17,400

RENTABLE AREA

100%

OWNERSHIP

OFFICE

ASSET CLASS

0.0%

VACANCY RATE

2019

YEAR OF CONSTRUCTION

EUR 110,500,000

APPRAISED VALUE

QBC 7

AUSTRIA / VIENNA
COUNTRY / CITY

PARKING
ASSET CLASS

680
PARKING LOTS

2020
YEAR OF CONSTRUCTION

100%
OWNERSHIP

EUR 21,000,000
APPRAISED VALUE



SALZ 4

GERMANY / DRESDEN
COUNTRY / CITY

HOTEL
ASSET CLASS

15,600
BUILDING AREA

0.0%
VACANCY RATE

180
ROOMS

2010
YEAR OF CONSTRUCTION

100%
OWNERSHIP

EUR 50,100,000
APPRAISED VALUE



STRAL 3

GERMANY / BERLIN

COUNTRY / CITY

28,000

BUILDING AREA

304

ROOMS

89.9%

OWNERSHIP

HOTEL

ASSET CLASS

0.0%

VACANCY RATE

2010

YEAR OF CONSTRUCTION

EUR 96,300,000

APPRAISED VALUE



WORK LIFE CENTER

GERMANY / HAMBURG

COUNTRY / CITY

12,100

BUILDING AREA

12,000

RENTABLE AREA

94%

OWNERSHIP

OFFICE & RETAIL

ASSET CLASS

0.0%

VACANCY RATE

2017

YEAR OF CONSTRUCTION

EUR 93,100,000

APPRAISED VALUE



CITY GATE

GERMANY / STUTTGART

COUNTRY / CITY

26,500

BUILDING AREA

17,200

RENTABLE AREA

94%

OWNERSHIP

OFFICE & RETAILS

ASSET CLASS

0.0%

VACANCY RATE

2016

YEAR OF CONSTRUCTION

EUR 132,000,000

APPRAISED VALUE



GENEVA HOUSE

RUSSIA / MOSCOW

COUNTRY / CITY

16,500

BUILDING AREA

12,000

RENTABLE AREA*

100%

OWNERSHIP

OFFICE & RETAIL

ASSET CLASS

7.1%

VACANCY RATE

2010

YEAR OF CONSTRUCTION

EUR 115,473,000

APPRAISED VALUE

*in accordance with BOMA standard



BERLIN HOUSE

RUSSIA / MOSCOW

COUNTRY / CITY

13,400

BUILDING AREA

10,100

RENTABLE AREA*

100%

OWNERSHIP

OFFICE & RETAIL

ASSET CLASS

20.9%

VACANCY RATE

2002

YEAR OF CONSTRUCTION

EUR 130,405,000

APPRAISED VALUE

*in accordance with BOMA standard



HERMITAGE PLAZA

RUSSIA / MOSCOW

COUNTRY / CITY

OFFICE

ASSET CLASS

40,200

BUILDING AREA

7.2%

VACANCY RATE

32,900

RENTABLE AREA*

1937/2006

YEAR OF CONSTRUCTION

99.98%

OWNERSHIP

EUR 217,498,000

APPRAISED VALUE

*in accordance with BOMA standard



POLAR LIGHTS

RUSSIA / MOSCOW

COUNTRY / CITY

37,800

BUILDING AREA

30,800

RENTABLE AREA*

100%

OWNERSHIP

OFFICE & RETAIL

ASSET CLASS

0.0%

VACANCY RATE

2006

YEAR OF CONSTRUCTION

EUR 117,164,000

APPRAISED VALUE

*in accordance with BOMA standard



ARBAT PROJECTS

RUSSIA / MOSCOW

COUNTRY / CITY

APARTMENTS & RETAIL

ASSET CLASS

35,100

BUILDING AREA

5,170 / 1,261

REMAINING SELLABLE AREA/ NET RENTABLE AREA

2016

YEAR OF CONSTRUCTION

130

PARKING LOTS

EUR 87,037,000

APPRAISED VALUE

MAGISTRAL'NAYA

RUSSIA / MOSCOW
COUNTRY / CITY

OFFICE
ASSET CLASS

3,600
BUILDING AREA

1966
YEAR OF CONSTRUCTION

3,200
RENTABLE AREA*

1994/2007
YEAR OF REFURBISHMENT

100%
OWNERSHIP

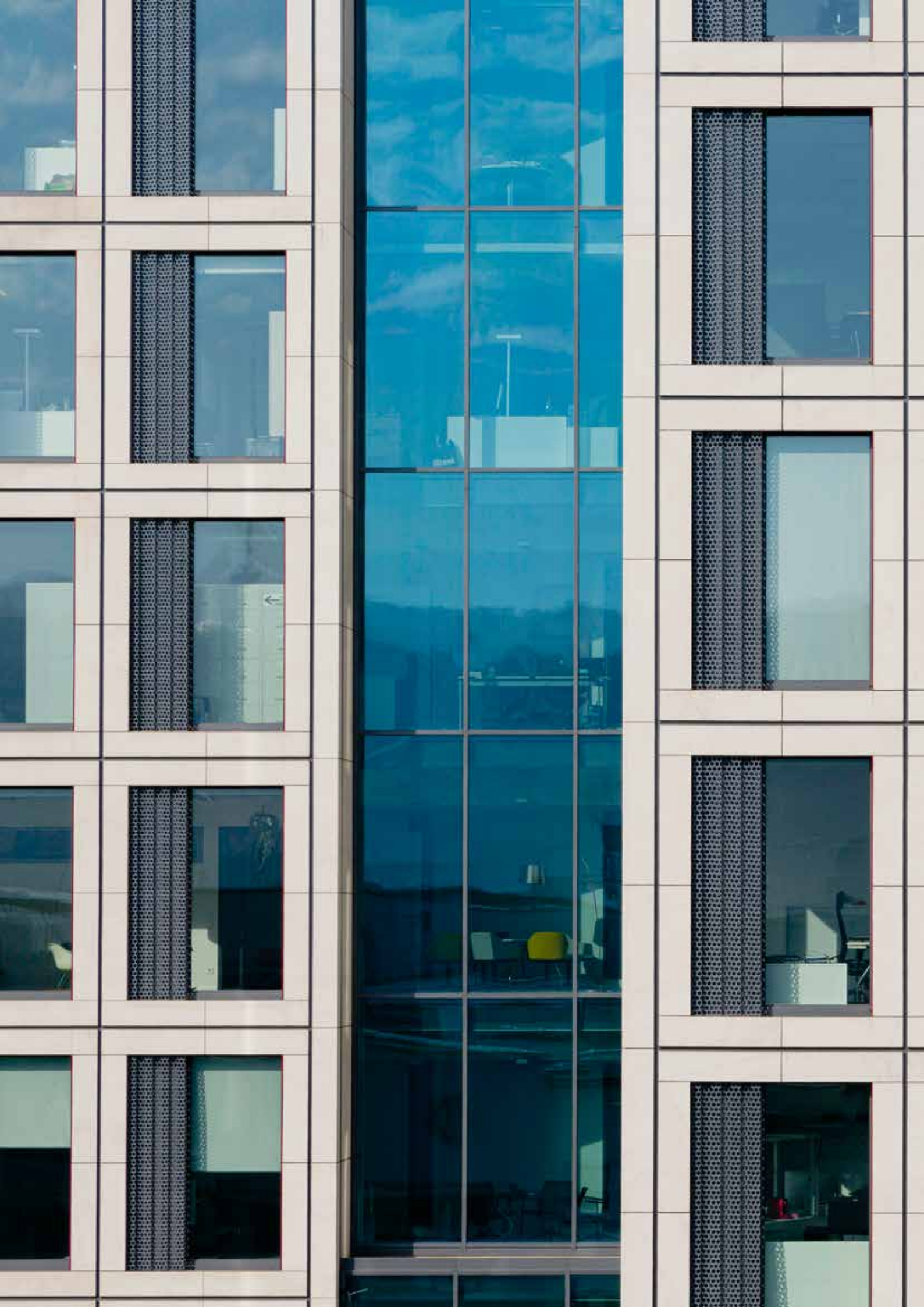
EUR 5,049,000
APPRAISED VALUE

*in accordance with BOMA standard





CORPORATE
GOVERNANCE



This section contains parts of the annual corporate governance report focusing on significantly changed matters since the last reporting date (30 April 2022). All other statements / disclosures made as of 30 April 2022 remain valid.

1. CAPITAL STRUCTURE

1.1 CHANGE IN CAPITAL

On 9 June 2022, the Annual General Meeting of the Company has approved by special resolution the conversion of the share capital of the company from USD to EUR.

As of 30 June 2022, the Company's authorized share capital is equal to EUR 20,460,000 divided into 21,000,000 ordinary shares of a nominal value EUR 0.93 each and 1,000,000 Class A shares of a nominal value of EUR 0.93 each. The issued share capital is equal to EUR 13,400,390.46 divided into 14,409,022 ordinary shares of a nominal value of EUR 0.93 each.

The Memorandum and Articles of Association shall be updated accordingly. The updated Memorandum and Articles of Association is effective as per the decision of the Company's shareholders on 9 June 2022. The registration of the decision is still under review by the Company's registrar as of the Reporting Date. As soon as the review and registration by the registrar has occurred the updated Memorandum and Articles of Association will be available on the Company's homepage.

The Company's shares listed on the SIX Swiss Exchange (ISIN: CY0109992111) are traded in EUR accordingly starting from 10 June 2022.

The functional and presentation currency of the Company has been changed from USD to EUR as of 01 January 2022.

2. BOARD OF DIRECTORS

2.1 ELECTIONS AND TERMS OF OFFICE

On the 9 June 2022, the Annual General Meeting of the Company re-elected the current Board of Directors, being Michael Cuthbert, Tomasz Dukala, Olga Melnikova, Hans Messmer, Gustav Stenbolt and Annamaria Vassiliades, for a term of three years. All directors accepted the election and confirmed to act as director for a new three-year term.

2. COMPENSATION, SHAREHOLDINGS AND LOANS

Since its appointment in March 2022, certain Management Committee ("MC") members are being compensated for serving the Company: in particular, Marios Phedonos receives an annual fee of EUR 5,000; Christina Spyrou-Katras' annual compensation amounts to EUR 12,000.

Olga Melnikova and Annamaria Vassiliades do not receive any remuneration as remuneration for their services is included in the remuneration they receive as members of the Board of Directors of the Company.

Vera Christodoulou does not receive a separate payment for her work as Management Committee member; rather, she is compensated by EPH's subsidiaries Ferran Ltd., Setford Ltd., Lexworth Finance Ltd., EPH Real Estate, Capital Estate Group Ltd., PNL Media Ltd for which she serves as a director and provides administrative services.

Name of MC Member	Function	Cash Remuneration for Services as MC Member
	Executive Board &	
Olga Melnikova	MC Member	EUR 0
Vera Christodoulou	MC Member	EUR 0
Marios Phedonos	MC Member	EUR 5,000
Christina Spyrou-Katras	MC Member	EUR 12,000
	Executive Board &	
Annamaria Vassiliades	MC Member	EUR 0





EXTERNAL
REPORTS



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Report on Review of Interim Condensed Consolidated Financial Information

To the Board of Directors of
EPH European Property Holdings PLC, Nicosia, Republic of Cyprus

Introduction

We have reviewed the accompanying interim condensed consolidated financial information of EPH European Property Holdings PLC and its subsidiaries (together the “Group”), which comprises the interim consolidated statement of financial position as of June 30, 2022 and the related interim consolidated statement of profit and loss, the interim consolidated statement of comprehensive income, the interim consolidated statement of cash flow, the interim consolidated statement of changes in equity for the six months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting” and article 17 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information for the six months period ended 30 June 2022 is not presented fairly, in all material respects, in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting” and article 17 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange.

Deloitte.*Emphasis of Matter*

We draw attention to Note 7 and Note 21 to the interim condensed consolidated financial information which describe a material uncertainty in regard to the operating environment in Russia and consequently the valuation of investment properties in Russia. Our opinion is not modified in respect of this matter.

Deloitte AG

Marcel Meyer
Partner



Avazkhodja Usmanov
Senior Manager

Zurich, September 28, 2022



16.09.2022

Addressed to:
Yulia Makhinova
Valartis Group

COVER LETTER

Dear Yulia,

DMA Valuation LLC has been instructed to prepare valuation reports regarding the following properties: BC Polar Light, BC Hermitage Plaza, BC Magistralnaya, BC Berlin House, BC Geneva House, Arbat 24 and Arbat 39 mixed-use complexes. The properties are located in Moscow.

We understand that the reports are required for accounting purposes. The date of valuation is 30 June 2022.

Our valuation has been carried out in compliance with the requirements of RICS Valuation - Global Standards (issued November 2021, effective from 31 January 2022).

Market Value is defined by the RICS Valuation - Professional Standards as *'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion'*.

In addition, our calculations have been carried out and are presented exclusive of VAT. Our report summaries our key assumptions, estimations and conclusions used in arriving at our opinion of Market Value. The purpose of the report is to present the basic facts and conclusions adopted in relation to the properties in arriving at our opinions.

Finally, and in accordance with our normal practice, we confirm that the report is confidential to the party to whom it is addressed for the specific purpose to which it refers. No responsibility whatsoever is accepted to any third party and neither the whole of the report, nor any parts, nor references thereto, may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

Yours faithfully,

A handwritten signature in blue ink, appearing to be 'D Davydov', written over a light blue circular stamp.

Dmitry Davydov MRICS

General Director

DMA Valuation LLC

Phone: +7 (960) 283 4133

Dmitry.Davydov@dma-valuation.ru

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julia.sacchi@de.pwc.com

16 September 2022
DHe/JSa

Assessment of Fair Value of the property City Gate Stuttgart

Dear Mr. Friedrichs,

You have first mandated PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Berlin to ascertain the Fair Value of the Property “City Gate Stuttgart” at Friedrichstraße/Kriegsbergstraße/Arnulf-Klett-Platz crossing as at 31 December 2016.

After the initial valuation, we provided regular bi-annual updates as of 30 June and 31 December of each year, and recently, you engaged us to update the Fair Value assessment of the subject property as of 30 June 2022.

The valuation at hand is to serve IFRS accounting purposes in compliance with the International Financial Reporting Standard IFRS 13 issued by International Accounting Standards Board (IASB).

IFRS 13.9 defines Fair Value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”.

We have summarized the assumptions, estimations and conclusions made in our valuation, and our opinion of Fair Value of the Property in our Report dated 13 July 2022

According to the engagement letter signed by you, the Report is confidential and shall therefore not be passed in whole or in part to any third party and shall not in whole or in part be published or referred to in a public document, the Internet or any other public media.

Yours faithfully
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dirk Hennig

Julia Sacchi

Vorsitzender des Aufsichtsrats: WP StB Dr. Norbert Vogeloth
Mitglieder der Geschäftsführung: WP StB Petra Justenhoven, WP Stefan Frühauf, WP Daniela Geretshuber, Rusbeh Hashemian, FCA Erik Hummitzsch, WP Clemens Koch, Damir Maras, WP StB Dietmar Prümm, StB RA Björn Viebrock
Sitz der Gesellschaft: Frankfurt am Main, Amtsgericht Frankfurt am Main HRB 107858
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julia.sacchi@de.pwc.com

16 September 2022
DHe/JSa

Assessment of Fair Value of the property Work Life Center in Hamburg

Dear Mr. Friedrichs,

You have first mandated PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Berlin to ascertain the Fair Value of the Property “Work Life Center” at Gorch-Fock-Wall 1a in 20354 Hamburg as at 31 December 2017.

After the initial valuation, we provided regular bi-annual updates as of 30 June and 31 December of each year, and recently, you engaged us to update the Fair Value assessment of the subject property as of 30 June 2022.

The valuation at hand is to serve IFRS accounting purposes in compliance with the International Financial Reporting Standard IFRS 13 issued by International Accounting Standards Board (IASB).

IFRS 13 defines Fair Value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”.

We have summarized the assumptions, estimations and conclusions made in our valuation, and our opinion of Fair Value of the Property in our Report dated 8 September 2022.

According to the engagement letter signed by you, the Report is confidential and shall therefore not be passed in whole or in part to any third party and shall not in whole or in part be published or referred to in a public document, the Internet or any other public media.

Yours faithfully

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dirk Hennig

Julia Sacchi



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Ms. Carole Sassel and Mr. Fernand Sassel
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16 September 2022
DHe/JSa

Assessment of Fair Value of the property nhow in Berlin, Stralauer Allee 3

Dear Ms. Sassel, Dear Mr. Sassel,

You have first mandated PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Berlin to ascertain the Fair Value of the hotel property nhow Berlin at Stralauer Allee 3 in 10245 Berlin as at 30 June 2020.

After the initial valuation, we provided regular bi-annual updates as of 30 June and 31 December of each year, and recently, you engaged us to update the Fair Value assessment of the subject property as of 30 June 2022.

The valuation was to serve IFRS accounting purposes in compliance with the International Financial Reporting Standard IFRS 13 issued by International Accounting Standards Board (IASB).

IFRS 13 defines Fair Value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”.

We have summarized the assumptions, estimations and conclusions made in our valuation, and our opinion of Fair Value of the Property in our Report dated 11 August 2022.

According to the engagement letter signed by you, the Report is confidential and shall therefore not be passed in whole or in part to any third party and shall not in whole or in part be published or referred to in a public document, the Internet or any other public media.

Yours faithfully

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dirk Hennig

Julia Sacchi



PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
Kapelle-Ufer 4, 10117 Berlin

SG4 Dresden GmbH & Co. KG
Mr Adi Bikić and Mr Roman Brück
Westendstraße 28
60325 Frankfurt am Main
Germany

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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16 September 2022
DHe/JSa

Assessment of Fair Value of the property “Innside by Melia”, Salzgasse 4 in Dresden

Dear Mr. Bikić, Dear Mr. Brück,

You have first mandated PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Berlin to ascertain the Fair Value of the hotel property “Innside by Melia”, Salzgasse 4 in 01067 Dresden as at 31 December 2020.

After the initial valuation, we provided regular bi-annual updates as of 30 June and 31 December of each year, and recently, you engaged us to update the Fair Value assessment of the subject property as of 30 June 2022.

The valuation was to serve IFRS accounting purposes in compliance with the International Financial Reporting Standard IFRS 13 issued by International Accounting Standards Board (IASB).

IFRS 13 defines Fair Value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”.

We have summarized the assumptions, estimations and conclusions made in our valuation, and our opinion of Fair Value of the Property in our Report dated 11 August 2022.

According to the engagement letter signed by you, the Report is confidential and shall therefore not be passed in whole or in part to any third party and shall not in whole or in part be published or referred to in a public document, the Internet or any other public media.

Yours faithfully

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dirk Hennig

Julia Sacchi



QBC Immobilien GmbH & Co Omega KG
Ms Anna Bernhart
Esslinger Hauptstraße 188 B/Haus 4
1220 Vienna

PwC Advisory Services GmbH
Donau-City-Straße 7
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September 16, 2022

Assessment of Fair Value of the property QBC 1 in Vienna

Dear Ms. Bernhart,

based on our agreement (hereinafter “agreement” or “engagement letter”) as of June 23, 2021 and the confirmation of order as of June 8, 2022, QBC Immobilien GmbH & Co Omega KG (“QBC” or “you”) has mandated PwC Advisory Services GmbH, Vienna to ascertain the Fair Value of the Property “QBC1”, 1100 Wien, KG 01101 Favoriten EZ 3758 as of June 30, 2022.

The PwC Advisory Terms of Business (as amended 6 April 2011; see Attachment) were the basis for providing our services and for our responsibility, also in relation to third parties. We particularly draw your attention to our limitations of liability.

The valuation was to serve IFRS accounting purposes in compliance with the International Financial Reporting Standard IFRS 13 issued by International Accounting Standards Board (IASB).

IFRS 13 defines Fair Value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”.

We have summarized the assumptions, estimations and conclusions made in our valuation, and our opinion of Fair Value of the Property in our Report dated September 16, 2022.

According to the engagement letter signed by you, the Report was exclusively prepared for you in accordance with the engagement letter and the therein determined purposes for reporting. The Report is confidential and shall therefore not be passed in whole or in part to any third party and shall not in whole or in part be published or referred to in a public document, the Internet or any other public media. Duties of care and liabilities on the part of PwC towards third parties are excluded.

Yours faithfully

PwC Advisory Services GmbH

ppa. Olena Chekmezova

Matthias Eicher



QBC Immobilien GmbH & Co Alpha KG
Ms Anna Bernhart
Esslinger Hauptstraße 188 B/Haus 4
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September 16, 2022

Assessment of Fair Value of the property QBC 2 in Vienna

Dear Ms. Bernhart,

based on our agreement (hereinafter “agreement” or “engagement letter”) as of June 23, 2021 and the confirmation of orders as of June 8, 2022, QBC Immobilien GmbH & Co Alpha KG (“QBC” or “you”) has mandated PwC Advisory Services GmbH, Vienna to ascertain the Fair Value of the Property “QBC2”, 1100 Wien, KG 01101 Favoriten, EZ 3632 as of June 30, 2022.

The PwC Advisory Terms of Business (as amended 6 April 2011; see Attachment) were the basis for providing our services and for our responsibility, also in relation to third parties. We particularly draw your attention to our limitations of liability.

The valuation was to serve IFRS accounting purposes in compliance with the International Financial Reporting Standard IFRS 13 issued by International Accounting Standards Board (IASB).

IFRS 13 defines Fair Value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”.

We have summarized the assumptions, estimations and conclusions made in our valuation, and our opinion of Fair Value of the Property in our Report dated September 16, 2022.

According to the engagement letter signed by you, the Report was exclusively prepared for you in accordance with the engagement letter and the therein determined purposes for reporting. The Report is confidential and shall therefore not be passed in whole or in part to any third party and shall not in whole or in part be published or referred to in a public document, the internet or any other public media. Duties of care and liabilities on the part of PwC towards third parties are excluded.

Yours faithfully

PwC Advisory Services GmbH


ppa. Olena Chekmezova


Matthias Eicher



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Ms Anna Bernhart
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September 16, 2022

Assessment of Fair Value of the property QBC 4 in Vienna

Dear Ms. Bernhart,

based on our agreement (hereinafter “agreement” or “engagement letter”) as of November 22, 2021 and the confirmation of orders as of June 8, 2022, QBC Immobilien GmbH & Co Delta KG (“QBC” or “you”) has mandated PwC Advisory Services GmbH, Vienna to ascertain the Fair Value of the Property “QBC4”, Karl-Popper-Straße 4, 1100 Vienna, KG 01101 EZ 3667 as of June 30, 2022.

The PwC Advisory Terms of Business (as amended 6 April 2011; see Attachment) were the basis for providing our services and for our responsibility, also in relation to third parties. We particularly draw your attention to our limitations of liability.

The valuation was to serve IFRS accounting purposes in compliance with the International Financial Reporting Standard IFRS 13 issued by International Accounting Standards Board (IASB).

IFRS 13 defines Fair Value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”.

We have summarized the assumptions, estimations and conclusions made in our valuation, and our opinion of Fair Value of the Property in our Report dated September 16, 2022.

According to the engagement letter signed by you, the Report was exclusively prepared for you in accordance with the engagement letter and the therein determined purposes for reporting. The Report is confidential and shall therefore not be passed in whole or in part to any third party and shall not in whole or in part be published or referred to in a public document, the internet or any other public media. Duties of care and liabilities on the part of PwC towards third parties are excluded.

Yours faithfully

PwC Advisory Services GmbH

ppa. Olena Chekmezova

Matthias Eicher



QBC Immobilien GmbH & Co Zeta KG
Ms Anna Bernhart
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September 16, 2022

Assessment of Fair Value of the property QBC 7 in Vienna

Dear Ms. Bernhart,

based on our agreement (hereinafter “agreement” or “engagement letter”) as of November 22, 2021 and the confirmation of orders as of June 8, 2022, QBC Immobilien GmbH & Co Zeta KG (“QBC” or “you”) has mandated PwC Advisory Services GmbH, Vienna to ascertain the Fair Value of the Property “QBC7”, 1100 Wien, KG 01101 Favoriten, EZ 3660 as of June 30, 2022.

The PwC Advisory Terms of Business (as amended 6 April 2011; see Attachment) were the basis for providing our services and for our responsibility, also in relation to third parties. We particularly draw your attention to our limitations of liability.

The valuation was to serve IFRS accounting purposes in compliance with the International Financial Reporting Standard IFRS 13 issued by International Accounting Standards Board (IASB).

IFRS 13 defines Fair Value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”.

We have summarized the assumptions, estimations and conclusions made in our valuation, and our opinion of Fair Value of the Property in our Report dated September 16, 2022.

According to the engagement letter signed by you, the Report was exclusively prepared for you in accordance with the engagement letter and the therein determined purposes for reporting. The Report is confidential and shall therefore not be passed in whole or in part to any third party and shall not in whole or in part be published or referred to in a public document, the Internet or any other public media. Duties of care and liabilities on the part of PwC towards third parties are excluded.

Yours faithfully

PwC Advisory Services GmbH

ppa. Olena Chekmezova

Matthias Eicher





FINANCIAL
REPORT

in EUR	Note *	30.06.2022	31.12.2021	01.01.2021
Assets				
Non-current assets				
Investment properties	6	1,472,469,352	1,336,060,767	1,242,008,175
Goodwill		64,224,500	64,224,500	61,101,752
Loans and accounts receivable		1,393,391	1,918,912	759,407
Deferred tax assets		794,527	428,184	403,413
Furniture and equipment		49,613	41,911	49,176
Total non-current assets		1,538,931,383	1,402,674,274	1,304,321,923
Current assets				
Inventory	8	75,826,341	52,626,038	70,066,193
Accounts receivable	9	3,519,126	4,781,764	6,250,465
Prepayments		1,586,045	847,917	1,465,168
Prepaid taxes		8,564,755	5,069,539	3,520,981
Cash & cash equivalents	10	203,913,003	100,463,277	116,657,941
Total current assets		293,409,270	163,788,535	197,960,748
Total assets		1,832,340,653	1,566,462,809	1,502,282,671
Liabilities				
Non-current liabilities				
Borrowings	11	730,440,531	841,449,740	795,381,940
Deferred tax liabilities		138,906,724	122,106,179	110,720,513
Other non-current liabilities	12	10,705,101	9,533,902	7,321,175
Total non-current liabilities		880,052,356	973,089,821	913,423,628
Current liabilities				
Accounts payable and accrued expenses	12	6,070,939	8,047,941	19,135,718
Advances received		14,416,284	10,829,893	11,584,577
Taxes payable		11,093,204	7,679,303	9,824,642
Borrowings	11	322,692,534	92,308,886	111,651,084
Total current liabilities		354,272,961	118,866,023	152,196,021
Equity				
Share capital	20	12,719,786	12,719,786	665,187,463
Share premium	20	669,396,297	669,396,297	16,928,620
Treasury shares	20	-2,259,634	-2,135,976	-2,092,485
Accumulated deficit		-71,345,041	-33,758,568	-42,325,197
Other reserves	20	-107,810	395,385	-
Cumulative translation adjustment	20	-20,342,780	-181,670,343	-209,641,725
Shareholders' equity attributable to the holders of the Company		588,060,818	464,946,581	428,056,676
Non-controlling interest		9,954,518	9,560,384	8,606,346
Total equity		598,015,336	474,506,965	436,663,022
Total equity and liabilities		1,832,340,653	1,566,462,809	1,502,282,671
Number of shares outstanding		14,319,446	14,324,281	14,326,000
Net asset value per share		41.07	32.46	29.88

* The Notes are an integral part of these Interim Condensed Consolidated Financial Statements.

in EUR	Note *	for six months ended		
		30.06.2022	30.06.2021	30.06.2020
Rental income				
Gross rental income	13	34,958,452	28,151,876	28,127,629
Service charge income	13	7,369,215	6,266,335	5,087,813
Property operating and maintenance expenses	13	-9,007,801	-7,805,119	-6,917,898
Net rental income		33,319,866	26,613,092	26,297,544
Gains and losses arising from the sales of properties				
Sales of properties	14	2,922,497	10,266,059	24,975,970
Cost of sales	14	-2,181,221	-8,782,576	-13,865,961
Net gain arising from the sales of properties		741,276	1,483,483	11,110,009
Management fees		-1,699,860	-1,686,643	-1,431,261
Administrative and selling expenses	15	-2,013,377	-1,834,503	-2,102,097
Other income	17	1,167,073	2,039,130	336,282
Other expenses	18	-1,010,581	-696,819	-1,470,033
Revaluation of investment properties	6,7	-90,056,503	13,725,270	19,150,021
Net operating (loss)/profit		-59,552,106	39,643,010	51,890,465
Interest income		528,375	142,797	175,912
Finance cost	16	-15,677,696	-17,251,219	-16,530,365
Net foreign exchange gain/(loss)		21,462,297	-6,010,938	-25,472,165
(Loss)/Profit before tax		-53,239,130	16,523,650	10,063,847
Income taxes	19	16,103,325	-7,446,727	-1,310,847
Net (loss) / profit for the period		-37,135,805	9,076,923	8,753,000
Attributable to:				
Equity holders of the Company		-37,586,473	8,816,956	9,192,652
Non-controlling interest		450,668	259,967	-439,652
Earnings per share for profit attributable to equity holders of the Company during the period				
Weighted average number of outstanding shares		14,322,727	14,324,721	9,900,051
Basic and diluted		-2.62	0.62	0.93

* The Notes are an integral part of these Interim Condensed Consolidated Financial Statements.

in EUR	for six months ended		
	30.06.2022	30.06.2021	30.06.2020
Net (loss)/profit for the period	-37,135,805	9,076,923	8,753,000
Other comprehensive gain/(loss)			
Other comprehensive gain/(loss) to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of financial assets at fair value through other comprehensive income	-640,930	-	-
Gain/(loss) on currency translation differences	161,327,563	19,797,395	-44,006,536
Income tax relating to these items	81,201	-	-
Net other comprehensive gain/(loss) to be reclassified to profit or loss in subsequent periods	160,767,834	19,797,395	-44,006,536
Total comprehensive gain/(loss) for the period	123,632,029	28,874,318	-35,253,536
Attributable to:			
Equity holders of the Company	123,237,895	28,614,351	-34,813,884
Non-controlling interest	394,134	259,967	-439,652

* The Notes are an integral part of these Interim Condensed Consolidated Financial Statements.

in EUR	Note *	for six months ended		
		30.06.2022	30.06.2021	30.06.2020
Cash flows from operating activities				
Net (loss)/profit for the period		-37,135,805	9,089,127	8,753,000
Net foreign exchange (gain)/loss		-21,462,297	6,010,938	25,472,165
Revaluation of investment properties	6	90,056,503	-13,725,270	-19,150,021
Other non-cash expenses		262,624	430,530	886,378
Release of impairment allowance for eurobonds		-135,000	-	-
Gain arising from sale of investment property		-	-	-10,505,914
Depreciation		4,281	4,776	6,914
Interest income		-528,375	-142,797	-175,912
Finance costs	16	15,677,696	17,251,219	16,530,365
Other income related to acquisitions of properties in prior periods	17	-43,382	-1,013,516	-
Income tax (benefit)/expense	19	-16,103,325	7,446,727	1,310,847
Cash generated from operations before movements in working capital		30,592,920	25,351,734	23,127,822
Movements in working capital				
Increase/(Decrease) in accounts payable and other liabilities		5,979,846	-2,236,020	1,811,012
Increase in accounts receivable and other receivables		-3,178,136	-1,242,384	-6,577,959
Decrease in inventory		2,181,221	8,857,757	6,002,773
Cash generated from operations		35,575,851	30,731,087	24,363,648
Interest income received		569,741	142,797	175,912
Income tax paid		-6,235,470	-4,232,353	-3,327,662
Net cash generated from operating activities		29,910,122	26,641,531	21,211,898
Cash flows from investing activities				
Purchases of investment properties		-18,612,719	-6,759,619	-163,668,291
Proceeds from sales of investment properties		192,966	334,300	-
Release/(net transfer) of funds from/to Escrow accounts		1,578,395	3,477	-
Reimbursement from seller after adjustment of purchase price on acquisition of prior periods		-	1,013,516	-
Net cash used in investing activities		-16,841,358	-5,408,326	-163,668,291
Cash flows from financing activities				
Interest paid		-13,264,652	-13,228,021	-13,418,876
Proceeds from notes payable		103,000,000	-	223,666,282
Proceeds from borrowings, net of transaction costs		-	97,279,603	-
Repayment of borrowings		-450,000	-105,450,582	-
Proceeds from sale of treasury shares		-	458	-
Acquisition of treasury shares		-123,658	-42,533	-241,554
Net cash generated from/ (used in) financing activities		89,161,690	-21,441,075	210,005,852
Net change in cash & cash equivalents		102,230,454	-207,870	67,549,459
Cash & cash equivalents at the beginning of the period	10	97,739,881	103,923,046	26,191,698
Net (loss)/gain from foreign currency translation		2,764,438	-2,198,879	-239,273
Cash & cash equivalents at the end of the period	10	202,734,773	101,516,297	93,501,884

* The Notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Reconciliation of cash & cash equivalents at the end of the period to the statement of financial position

Cash & cash equivalents at the beginning/end of the period in the statement of cash flows are presented excluding cash on escrow and restricted accounts (tenants deposits) and including bank overdraft.

Non-cash transactions

For the first six months in 2022 and 2021, the non-cash transactions, excluding those described in Note 11, were insignificant. Changes in liabilities arising from financing activities are disclosed in Note 11.

in EUR	Share capital	Share premium	Treasury shares	Accumulated deficit
Balance as at 01.01.2020	521,307,741	16,928,620	-1,743,672	-65,871,877
Net profit/(loss) for the period	-	-	-	9,192,652
Other comprehensive loss	-	-	-	-
Total comprehensive gain/(loss) for the period	-	-	-	9,192,652
Acquisition of treasury shares, net of sale	-	-	-235,518	-
Acquisition of a subsidiary during the period	-	-	-	-
Balance as at 30.06.2020	521,307,741	16,928,620	-1,979,190	-56,679,225
Net profit for the period	-	-	-	14,354,028
Other comprehensive loss	-	-	-	-
Total comprehensive gain/(loss) for the period	-	-	-	14,354,028
Allocation of newly issued shares, net of transaction cost	143,879,722	-	-	-
Acquisition of treasury shares	-	-	-113,295	-
Balance as at 31.12.2020	665,187,463	16,928,620	-2,092,485	-42,325,197
Net profit for the period	-	-	-	8,816,956
Other comprehensive gain	-	-	-	-
Total comprehensive gain/(loss) for the period	-	-	-	8,816,956
Acquisition of treasury shares, net of sale	-	-	-44,665	-
Share capital repartition	-652,467,677	652,467,677	-	-
Balance as at 30.06.2021	12,719,786	669,396,297	-2,137,150	-33,508,241
Net (loss)/ profit for the period	-	-	-	-250,327
Other comprehensive gain	-	-	-	-
Total comprehensive gain/(loss) for the period	-	-	-	-250,327
Sale of treasury shares, net of acquisition	-	-	1,174	-
Balance as at 31.12.2021	12,719,786	669,396,297	-2,135,976	-33,758,568
Net (loss)/profit for the period	-	-	-	-37,586,473
Other comprehensive gain/(loss)	-	-	-	-
Total comprehensive gain/(loss) for the period	-	-	-	-37,586,473
Acquisition of treasury shares	-	-	-123,658	-
Balance as at 30.06.2022	12,719,786	669,396,297	-2,259,634	-71,345,041

* The Notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Other reserves	Cumulative translation adjustment	Shareholders' equity attributable to the holders of the Company	Non-controlling interest	Total equity
–	–110,838,577	359,782,235	3,438,544	363,220,779
–	–	9,192,652	–439,652	8,753,000
–	–44,006,536	–44,006,536	–	–44,006,536
–	–44,006,536	–34,813,884	–439,652	–35,253,536
–	–	–235,518	–	–235,518
–	–	–	5,515,766	5,515,766
–	–154,845,113	324,732,833	8,514,658	333,247,491
–	–	14,354,028	91,688	14,445,716
–	–54,796,612	–54,796,612	–	–54,796,612
–	–54,796,612	–40,442,584	91,688	–40,350,896
–	–	143,879,722	–	143,879,722
–	–	–113,295	–	–113,295
–	–209,641,725	428,056,676	8,606,346	436,663,022
–	–	8,816,956	259,967	9,076,923
–	19,797,395	19,797,395	–	19,797,395
–	19,797,395	28,614,351	259,967	28,874,318
–	–	–44,665	–	–44,665
–	–	–	–	–
–	–189,844,330	456,626,362	8,866,313	465,492,675
–	–	–250,327	649,651	399,324
395,385	8,173,987	8,569,372	44,420	8,613,792
395,385	8,173,987	8,319,045	694,071	9,013,116
–	–	1,174	–	1,174
395,385	–181,670,343	464,946,581	9,560,384	474,506,965
–	–	–37,586,473	450,668	–37,135,805
–503,195	161,327,563	160,824,368	–56,534	160,767,834
–503,195	161,327,563	123,237,895	394,134	123,632,029
–	–	–123,658	–	–123,658
–107,810	–20,342,780	588,060,818	9,954,518	598,015,336

1. CORPORATE INFORMATION

EPH European Property Holdings PLC (former “EPH European Property Holdings Limited” (26 June 2020 – 7 February 2022) and “Eastern Property Holdings Ltd.” (from foundation up to June 2020)) (the “Company”, “EPH”) is a limited liability company incorporated and domiciled in Cyprus (before 7 February 2022, in British Virgin Islands) whose shares are publicly traded on the SIX Swiss Exchange. The registered office is located at Menandrou 12, Eleona Tower, Office 207, 1066 Nicosia, Cyprus.

The Interim Condensed Consolidated Financial Statements (unaudited) of EPH and its subsidiaries (together the “Group”) for the half year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 28 September 2022. The principal activities of the Group are given in Note 5.

The Company was founded in 2003 with the intention to invest European money in the promising Russian real estate market. In 2016, EPH acquired its first property outside Russia. In the following years, the Company continued its westward expansion and strengthened its real estate portfolio through further acquisitions in Germany and Austria. In June 2020, the Company changed its name to EPH European Property Holdings to underline its geographic shift and its intensive expansion phase across European real estate markets.

2. BASIS OF PREPARATION

The Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2022 have been prepared in accordance with IAS 34, ‘Interim financial reporting’. The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021.

Going concern basis

The Group incurred a loss of EUR 37.14 million for six months ended 30 June 2022 and, as of that date the Group’s current liabilities exceeded its current assets by EUR 60.86 million, mainly because a significant part of its subordinated notes issued to shareholders becomes due in 2022-2023. The loss incurred is attributable to substantial decrease of fair values of properties in Russia in functional currency (RUB), caused mainly by the RUB strengthening against US\$, but also by the use of more conservative valuation assumptions. The Group’s operating cash inflow demonstrate stable growth in the period providing sufficient funds to maintain operational activities. One of the shareholders has committed to extend the maturities of the notes for the amount of EUR 253 million, originally payable in 2022-2023 for not less than twelve months, to enable the Group to continue as a going concern and to meet its obligations as they fall due. Based on these grounds, the financial statements are prepared on going concern basis.

Functional and presentation currency

The functional currency of the Company, from 1 January 2022, is Euro (“EUR”) (before 1 January 2022: US dollar (“US\$”)). Explanation for change in functional currency is given in Note 3. The functional currency of the Group’s major subsidiaries is the Russian Ruble (“RUB” for Russian subsidiaries) and Euro (“EUR”) (for German and Austrian subsidiaries). Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates. The Interim Condensed Consolidated Financial Statements are presented in EUR (before 1 January 2022: US\$, see below in Note 3).

Foreign currency exchange rates

The Group uses official rates of exchange, as determined by the Swiss National Bank (for 1 EUR). The rates are given below.

in EUR	30.06.2022		31.12.2021		30.06.2021		31.12.2020		30.06.2020	
	RUB	US\$	RUB	US\$	RUB	US\$	RUB	US\$	RUB	US\$
closing rate	56.3093	0.9578	84.8859	0.8828	86.9952	0.8413	92.1772	0.8143	79.2806	0.8912
average rate	77.7340	0.9204	87.3152	0.8462	89.7397	0.8316	83.5770	0.8727	77.5971	0.9054

Income tax

Income tax in the interim periods is accrued using the effective tax rate that would be applicable to the expected total annual earnings.

Seasonality of interim operations

The Group's operating income includes rent and sales income from real estate assets. While operations are subject to long-term cyclical patterns in rental and sales prices, Management of the Group does not believe interim operations are subject to seasonality. The same accounting policies and methods of computation are followed in the Interim Condensed Consolidated Financial Statements as compared with the most recent annual Consolidated Financial Statements except for those described in Note 3.

3. CHANGES IN ACCOUNTING POLICIES

New amendments and improvements to standards set out below became effective 1 January 2022, if not indicated other, and did not have any impact or did not have a material impact on the Group's Interim Condensed Consolidated Financial Statements:

- IFRS 3, Reference to the Conceptual Framework;
- IAS 37, Onerous Contracts – Cost of Fulfilling the Contract;
- IAS 16, PP&E: Proceeds before Intended Use;
- Annual Improvements 2018 – 2020, IFRS1, IFRS 9, IFRS 16, IAS 41.

Early adoption of standards

In the first half of 2022, the Group did not early adopt any new or amended standards and does not plan to early adopt any of the issued, but not yet effective standards.

Change of functional currency of the Company

From its foundation, economic environment of the Company was mostly US\$-driven. It obtained finance in US\$, rental flow of projects in Russia was determined in US\$, dividends from subsidiaries in Russia were received in US\$, inter-company finance with Russian subsidiaries was also determined in US\$. The use of US\$ as functional currency properly reflected underlying transactions, events and conditions, relevant to the Company at that time.

In the period 2016 - 2020, the Group expanded to Western Europe by acquiring investment properties in Germany and Austria, euro economies, which determines the currency of the transactions. Meantime, following the drop of RUB rate to the main world currencies and ongoing stagnation of the Russian economy in 2014 - 2022, rental market in Russia became mostly RUB-driven tenant's market. Gradually, US\$ ceased to represent the underlying economic environment, but, as the Company's main debt is US\$-denominated bonds, using US\$ as functional currency of the Company was still reasonable.

In April 2022, the Company received consent of the bondholders and amended the interest coupons and changed the denomination and, therefore, the payments of interest and redemption to EUR. After the amendments, the Company's monetary assets and liabilities became mostly EUR-denominated, so that the Company will generate and expend cash mostly in EUR. As the underlying transactions, events and conditions changed, the Company changed its functional currency from US\$ to EUR.

For the purposes of accounting simplicity, the change is effective 1 January 2022. Estimated effect of the time lag is immaterial. The effect of change in functional currency is accounted for prospectively.

On 1 January 2022, the Company translated all items into the new functional currency using the exchange rate at the date of the change (0.8828 EUR/US\$). The resulting translated amounts for non-monetary items are treated at their historical cost.

Change of presentation currency of the consolidated financial statements

Starting from 1 January 2022, the Group changed the presentation currency of its consolidated financial reporting from US\$ to EUR. The change reflects significant expansion of the Group's property portfolio to Europe during the recent years with the majority of the properties currently located in Western Europe, as well as subsequent successful re-domiciliation of the Company to Cyprus. With the conversion of the denomination of bonds from US\$ to EUR in April 2022, the Group's debt became mostly EUR-denominated.

Furthermore, the Board of Directors has initiated the change of the denomination of the Company's share capital into EUR, approved by the shareholders at the annual general meeting on 9 June 2022 (the change is in process of registration with the state authorities). In the given circumstances, EUR as presentation currency will provide the users with a better reflection of the actual performance and financial position of the Group.

Accounting policy on translation to presentation currency is described in the recent annual financial statements of the Group. Change of presentation currency represents change in accounting policy and is applied retrospectively. The Group adjusted the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied:

- Assets, liabilities and total equity were translated to EUR at closing exchange rates on the respective balance sheet dates (1 January 2020, 31 December 2021 and 30 June 2022), and income and expenses were translated at the respective average rates prevailing for the relevant periods.
- As the IFRS is silent in respect of translation of the items of equity, the Group defined the following policy for the earliest presented balances, as of and for the period from up to 31 December 2021:
 - Share capital, share premium and treasure shares are translated at rate used at date of change of functional currency of the Company (1 January 2022, see above);
 - Retained earnings/accumulated deficit are translated at historical rate, that is at average annual rate of the year when it incurred;
 - Resulting differences are recognized in currency translation adjustment.
 - All the equity transactions from 1 January 2022 are translated at historical rate. This approach is aimed to align the figure of the share capital to the registered amount.

The retrospective application of the presentation currency change did not affect total equity, but resulted in changes to the accumulated cumulative translation adjustment and other components of equity, in particular share capital, share premium and accumulated deficit.



4. CHANGES IN ACCOUNTING ESTIMATES

Valuation of Investment property

Refer to Note 7.

Estimation of net realisable value for Inventory

Inventory is carried at the lower of cost and net realisable value (NRV). NRV for Inventory is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group having taken suitable external advice and in the light of recent market transactions. Decrease in the NRV estimate by 20% would result in impairment of Inventory in the amount of EUR 5.81 million.

There are no significant changes in other accounting estimates and judgments as compared to the consolidated financial statements for the year ended 31 December 2021, except for the described below.

Modification of terms of the Company's bonds

By 1 April 2022, the Company received consent of bondholders and amended terms of the US\$-denominated bonds issued in prior period: interest rate and currency of the bonds, that is currency of payments of interest and redemption, to EUR. Management consider change in rate and currency as substantial modification of the terms of the existing financial liability which is to be accounted for as extinguishment of the original financial liability and the recognition of a new financial liability on 1 April 2022. The terms are considered substantially different as the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The liability denominated in US\$ of EUR 411.41 million was derecognized, and the new liability on EUR-denominated bonds in the amount of EUR 411.78 million was recognized. The difference between the carrying amount of a financial liability extinguished and the new financial liability (EUR 0.37 million) was recognized in profit or loss as finance cost (interest expense). The difference between the carrying amount of a financial liability extinguished and the new financial liability due to specific rate of translation, agreed by the parties, and Swiss National Bank exchange rate, is accounted for as foreign exchange difference. The Company did not incur any specific material transaction cost due to modification. The amortised cost of the bonds is equal to their nominal value at the date of recognition and as of 30 June 2022.

5. SEGMENT INFORMATION

Information on the major customers and gross and net rental income of the Rental properties segment on asset by asset basis is given in Note 13. Asset LASS 1, acquired in June 2020, refers to the segment Rental Property Under Construction. Upon completion of construction and start of leases, expected in the second half of 2022, the asset will be reclassified to Rental Properties Segment.

In 2020, the Company issued interest bearing subordinated registered notes. Proceeds were mainly used to finance acquisition of rental properties and rental properties under construction.

Therefore, the notes as well as interest expensed or capitalised for them are also presented in Rental Properties and Rental Property Under Construction segments in proportion to the value of the properties.

Revenue of the Group by operating activities for the periods is as follows:

for six months ended 30.06.2022					
in EUR	Rental properties	Rental properties under construction	Residential properties for sale	Other segments	Total
Gross rental income	34,958,452	–	–	–	34,958,452
Other rental expenses	–1,638,586	–	–	–	–1,638,586
Net rental income	33,319,866	–	–	–	33,319,866
Sales of properties	–	–	2,922,497	–	2,922,497
Net gain arising from the sales of properties	–	–	741,276	–	741,276
Interest income	374,608	–	153,767	–	528,375
Net foreign exchange loss	–12,827,019	–	–19,548	34,308,864	21,462,297
Revaluation of investment properties	–90,056,503	–	–	–	–90,056,503
Finance costs	–14,367,653	–34,161	–728,534	–547,348	–15,677,696
Income tax expense	15,623,750	–	500,712	–21,137	16,103,325
Other expenses	–963,592	–112,552	–1,334,361	–1,146,240	–3,556,745
Net profit/ (loss) for the period	–68,896,543	–146,713	–686,688	32,594,139	–37,135,805

for six months ended 30.06.2021					
in EUR	Rental properties	Rental properties under construction	Residential properties for sale	Other segments	Total
Gross rental income	28,151,876	–	–	–	28,151,876
Other rental expenses	–1,538,784	–	–	–	–1,538,784
Net rental income	26,613,092	–	–	–	26,613,092
Sales of properties	–	–	10,266,059	–	10,266,059
Net gain arising from the sales of properties	–	–	1,483,483	–	1,483,483
Interest income	101,573	–	41,224	–	142,797
Net foreign exchange gain/ loss	–262,307	–	–8,666	–5,739,965	–6,010,938
Revaluation of investment properties	13,725,270	–	–	–	13,725,270
Finance costs	–16,388,427	–93,338	–706,017	–63,437	–17,251,219
Income tax expense	–7,403,841	–	–20,547	–22,339	–7,446,727
Other expenses	–149,103	–29,644	–924,207	–1,075,881	–2,178,835
Net profit/ (loss) for the period	16,236,257	–122,982	–134,730	–6,901,622	9,076,923

The Management Committee also assesses the performance of operating segments based on the results of valuation of the respective assets.

Assets and liabilities valuation as of 30.06.2022

in EUR	Rental Properties	Rental Property Under Construction	Residential Properties for sale	Other Segments	Total
Investment properties	1,336,083,372	136,385,980	–	–	1,472,469,352
Goodwill	64,224,500	–	–	–	64,224,500
Inventory	–	–	75,826,341	–	75,826,341
Cash & cash equivalents	82,948,246	3,425,220	5,005,522	112,534,015	203,913,003
Other Assets	9,068,911	5,717,301	849,947	271,298	15,907,457
Total Assets	1,492,325,029	145,528,501	81,681,810	112,805,313	1,832,340,653
Total Liabilities	1,136,794,612	93,351,380	3,931,976	247,349	1,234,325,317

Assets and liabilities valuation as of 31.12.2021

in EUR	Rental Properties	Rental Property Under Construction	Residential Properties for sale	Other segments	Total
Investment properties	1,216,393,855	119,666,912	–	–	1,336,060,767
Goodwill	64,224,500	–	–	–	64,224,500
Inventory	–	–	52,626,038	–	52,626,038
Cash & cash equivalents	68,382,707	20,773,182	2,294,985	9,012,403	100,463,277
Other Assets	8,280,178	3,588,398	908,565	311,086	13,088,227
Total Assets	1,357,281,240	144,028,492	55,829,588	9,323,489	1,566,462,809
Total Liabilities	996,096,601	91,746,706	3,969,131	143,406	1,091,955,844

Geographical information on Group's revenues and significant non-financial assets is given below:

for six months ended 30.06.2022

in EUR	Russia	Germany	Austria	Total
Gross rental income	22,371,038	7,236,088	5,351,326	34,958,452
Net rental income	21,791,316	6,853,535	4,675,015	33,319,866
Sales of residential properties	2,922,497	–	–	2,922,497
Carrying amount of:				
Investment property	595,023,488	371,500,000	505,945,864	1,472,469,352
Goodwill	40,272,027	13,524,840	10,427,633	64,224,500
Inventory	75,826,341	–	–	75,826,341
Total	711,121,856	385,024,840	516,373,497	1,612,520,193

for six months ended 30.06.2021

in EUR	Russia	Germany	Austria	Total
Gross rental income	18,542,114	7,131,320	2,643,824	28,317,258
Net rental income	18,151,545	6,130,670	2,622,781	26,904,996
Sales of residential and investment properties	10,266,059	–	–	10,266,059
Carrying amount of:				
Investment property	479,757,541	355,494,410	457,053,845	1,292,305,796
Goodwill	38,380,653	13,524,627	10,427,469	62,332,749
Inventory	65,122,662	–	–	65,122,662
Total	583,260,856	369,019,037	467,481,314	1,419,761,207

6. INVESTMENT PROPERTY

The balances and movements of investments properties on a project basis, reconciliation of their carrying amounts to the fair values determined by the independent appraisal and descriptions of the properties are given in the tables below.

The fair value of the investment property in operation was determined based on an independent valuation prepared by DMA Valuation LLC (Russian properties) and PWC (German and Austrian properties) on 30 June 2022. DMA Valuation succeeded Jones Lang LaSalle that executed valuation of Russian properties as of 31 December 2021 and in earlier periods. Refer to Note 7 for details.

for six months ended 30.06.2022							
in EUR	Berlin House	Geneva House	Polar Lights	Hermitage Plaza	Magistral'naya	Arbat	Total Russia
Beginning of the period	125,192,035	108,483,043	88,336,623	159,416,190	3,525,322	7,998,977	492,952,190
Additions from subsequent expenditure	–	–	18,821	–	–	–	18,821
Other	–4,864	–12,557	–66,902	–71,520	–9,862	–	–165,705
Revaluations	–5,018,304	–2,132,073	–11,544,016	–16,459,598	–182,203	–2,109,759	–37,445,953
Effect of translation to presentation currency	10,524,010	9,134,820	40,419,646	74,612,961	1,716,002	3,256,696	139,664,135
End of period	130,692,877	115,473,233	117,164,172	217,498,033	5,049,259	9,145,914	595,023,488

for the year ended 31.12.2021							
in EUR	Berlin House	Geneva House	Polar Lights	Hermitage Plaza	Magistral'naya	Arbat	Total Russia
Beginning of the period	121,390,770	109,126,428	80,320,660	145,460,375	2,925,770	7,768,397	466,992,400
Additions from subsequent expenditure	27,345	142,271	291,278	14,967	38,321	–	514,182
Other	–22,105	–11,826	–391,941	–93,259	–2,910	–	–522,041
Revaluations	–6,146,302	–9,542,603	1,186,399	1,499,105	303,144	–424,538	–13,124,795
Effect of translation to presentation currency	9,942,327	8,768,773	6,930,227	12,535,002	260,997	655,118	39,092,444
End of period	125,192,035	108,483,043	88,336,623	159,416,190	3,525,322	7,998,977	492,952,190

for six months ended 30.06.2022						
in EUR	City Gate	WLC	STRAL 3	SALZ 4	Total Germany	
Beginning of the period		129,800,000	91,600,000	95,000,000	49,400,000	365,800,000
Other		–18,432	–19,884	–	–	–38,316
Revaluations		2,218,432	1,519,884	1,300,000	700,000	5,738,316
End of period		132,000,000	93,100,000	96,300,000	50,100,000	371,500,000

for the year ended 31.12.2021						
in EUR	City Gate	WLC	STRAL 3	SALZ 4	Total Germany	
Beginning of the period	124,900,000	88,300,000	90,000,000	46,900,000	350,100,000	
Additions from subsequent expenditure	–	–	638,080	–	638,080	
Other	–36,863	–57,250	–	–	–94,113	
Revaluations	4,936,863	3,357,250	4,361,920	2,500,000	15,156,033	
End of period	129,800,000	91,600,000	95,000,000	49,400,000	365,800,000	

for six months ended 30.06.2022

in EUR	QBC 4	QBC 1	QBC 2	QBC 7	LASS 1	Total Austria	Total Group
Beginning of the period	106,900,000	51,660,000	178,110,000	21,000,000	119,638,577	477,308,577	1,336,060,767
Additions from subsequent expenditure	–	23,898	585,903	–	15,142,666	15,752,467	15,771,288
Borrowing costs	–	–	–	–	1,604,621	1,604,621	1,604,621
Other	–	–58,603	–	–	–	–58,603	–262,624
Revaluations	3,600,000	2,764,705	4,974,097	–	–	11,338,802	–20,368,835
Effect of translation to presentation currency	–	–	–	–	–	–	139,664,135
End of period	110,500,000	54,390,000	183,670,000	21,000,000	136,385,864	505,945,864	1,472,469,352

for the year ended 31.12.2021

in EUR	QBC 4	QBC 1	QBC 2	QBC 7	LASS 1	Total Austria	Total Group
Beginning of the period	104,640,000	46,809,381	159,394,455	22,381,831	91,690,108	424,915,775	1,242,008,175
Additions from subsequent expenditure	–	1,564,347	3,241,796	158,840	24,739,226	29,704,209	30,856,471
Borrowing costs	–	–	–	–	3,209,243	3,209,243	3,209,243
Other	–	–	–	–	–	–	–616,154
Revaluations	2,260,000	3,286,272	15,473,749	–1,540,671	–	19,479,350	21,510,588
Effect of translation to presentation currency	–	–	–	–	–	–	39,092,444
End of period	106,900,000	51,660,000	178,110,000	21,000,000	119,638,577	477,308,577	1,336,060,767

in EUR	for six months ended 30.06.2022	for six months ended 30.06.2021	for the year ended 31.12.2021
Net (loss)/gain from revaluation of investment properties	–20,368,835	25,627,627	21,510,128
Net loss due to effect of currency fluctuation on valuation of investment property	–69,687,668	–11,902,357	–626,184
Total (loss)/gain on revaluation of investment property	–90,056,503	13,725,270	20,883,944

Effect of currency fluctuation

Starting from the annual financial statement 2021, the fair value of investment properties in Russia, except Berlin House and Geneva House, is determined by using RUB-denominated discounted cash flows (refer to Note 7). Total result of revaluation includes net loss from the effect of fluctuations of RUB (the functional currency of the Russian subsidiaries, holding the properties) over US\$ (the currency of the appraised fair value) at Berlin House and Geneva House for EUR 69.69 million (six months 2021: EUR 11.90 million for all Russian entities of the Group, as valuation for semi-annual financials was denominated in US\$).

General information for the properties

General information for each property is disclosed in the Note 24.

Reconciliation of market (fair) value of each property to its carrying amount in the consolidated statement of financial position as of 30 June 2022 and 31 December 2021 is presented below:

as of 30.06.2022				
in EUR	Market value as estimated by the external valuer	Add finance lease obligation recognised separately	Carried at cost of acquisition	Carrying amount for financial reporting purposes
Berlin House	130,405,479	287,398	–	130,692,877
Geneva House	115,473,233	–	–	115,473,233
Polar Lights	117,164,172	–	–	117,164,172
Hermitage Plaza	217,498,033	–	–	217,498,033
Magistral'naya	5,049,259	–	–	5,049,259
Arbat	9,145,914	–	–	9,145,914
City Gate	132,000,000	–	–	132,000,000
WLC	93,100,000	–	–	93,100,000
STRAL 3	96,300,000	–	–	96,300,000
SALZ 4	50,100,000	–	–	50,100,000
QBC 4	110,500,000	–	–	110,500,000
QBC 1	54,390,000	–	–	54,390,000
QBC 2	183,670,000	–	–	183,670,000
QBC 7	21,000,000	–	–	21,000,000
LASS 1	–	–	136,385,864	136,385,864
Total	1,335,796,090	287,398	136,385,864	1,472,469,352

as of 31.12.2021				
in EUR	Market value as estimated by the external valuer	Add finance lease obligation recognised separately	Carried at cost of acquisition	Carrying amount for financial reporting purposes
Berlin House	124,902,480	289,555	–	125,192,035
Geneva House	108,483,043	–	–	108,483,043
Polar Lights	88,336,623	–	–	88,336,623
Hermitage Plaza	159,416,190	–	–	159,416,190
Magistral'naya	3,525,322	–	–	3,525,322
Arbat	7,998,977	–	–	7,998,977
City Gate	129,800,000	–	–	129,800,000
WLC	91,600,000	–	–	91,600,000
STRAL 3	95,000,000	–	–	95,000,000
SALZ 4	49,400,000	–	–	49,400,000
QBC 4	106,900,000	–	–	106,900,000
QBC 1	51,660,000	–	–	51,660,000
QBC 2	178,110,000	–	–	178,110,000
QBC 7	21,000,000	–	–	21,000,000
LASS 1	–	–	119,638,577	119,638,577
Total	1,216,132,635	289,555	119,638,577	1,336,060,767

7. FAIR VALUE MEASUREMENT – INVESTMENT PROPERTY

Valuation of real estate assets involves a significant number of assumptions and judgement calls by the valuers. These variables include but are not limited to: future rent and sale price levels, amount of time needed to rent or sell space, time needed to deliver new construction, best and highest use of an asset or space in an asset, and exchange rates. Varying any of these factors can have a material impact on valuations, and variations in a number of these factors at once can have a significant effect.

When possible, valuers make their assumptions based on available evidence. When such evidence is lacking, which is often the case in the Russian market, assumptions are based on the experience and judgement of the valuer.

Every reporting date the fair value of each Investment Property - except Investment Property under construction and when the fair value is readily available as the acquisition completed near balance sheet date - is determined by independent real estate valuation experts using recognised valuation techniques where the Discounted Cash Flow Method (DCF) within the income approach is used.

The determination of the fair value of Investment Property requires the use of estimates such as future cash flows from assets (including lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. Future revenue streams, inter alia, comprises contracted rent (passing rent) and estimated rental income (ERV) after the contract period.

In estimating ERV, the potential impact of future lease incentives to be granted to secure new contracts is taken into consideration. All these estimates are based on local market conditions existing at the reporting date.

For all investment properties that are measured at fair value, the current use of the property is considered the highest and best use.

Techniques used for valuing investment property

The Discounted Cash Flow Method involves the projection of a series of periodic cash flows either to an operating property or a development property. To these projected cash flow series, an appropriate, market-derived discount rate is applied to achieve an indication of the present value of the income stream associated with the property.

The calculated periodic cash flow is typically estimated as gross rental income, less vacancy and collection losses and less operating expenses/outgoings and investment costs. A series of periodic net operating incomes, along with an estimate of the reversion/terminal/exit value (which uses the traditional valuation approach) anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the market value of the property.

Investment properties fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of investment properties by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets;
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As of 30 June 2022 and 31 December 2021, the Group held the investment properties carried at fair value determined by the Level 3 technique. During six months ending 30 June 2022 and the year ending 31 December 2021, there were no transfers to and from Level 1&2 fair value measurements.

Valuation techniques used to derive Level 3 fair values

The table below presents the following for each investment property:

- The fair value measurement at the end of the reporting period in the currency of valuation;
- A description of the valuation techniques applied;
- Quantitative information about significant unobservable inputs used in the fair value measurement.

Property	Fair value as of 30.06.2022	Valuation technique	Key unobservable inputs	Range (Weighted average), per sqm p.a.
Berlin House	US\$ 136,150,000	DCF	ERV	US\$ 700- US\$ 2,864 (US\$ 1,276)
			Discount rate	12.25%
			Capitalisation rate	9.00%
Geneva House	US\$ 120,560,000	DCF	ERV	US\$ 700 - US\$ 2,800 (US\$ 875)
			Discount rate	12.25%
			Capitalisation rate	9.00%
Polar Lights	RUB 6,597,430,000	DCF	ERV	RUB 1,594 - RUB 64,841 (RUB 21,903)
			Discount rate	14.75%
			Capitalisation rate	10.00%
Hermitage Plaza	RUB 12,247,150,000	DCF	ERV	RUB 2,317 - RUB 129,360 (RUB 32,017)
			Discount rate	13.75%
			Capitalisation rate	9.25%
Magistral'naya	RUB 284,320,000	DCF	ERV	RUB 13,900 (RUB 13,900)
			Discount rate	16.50%
			Capitalisation rate	11.00%
City Gate	EUR 132,000,000	DCF	ERV	EUR 282 - EUR 288 (EUR 296)
			Discount rate	4.25%
			Capitalisation rate	3.85%
Work Life Center	EUR 93,100,000	DCF	ERV	EUR 228 - EUR 276 (EUR 270)
			Discount rate	4.40%
			Capitalisation rate	3.70%
QBC 4	EUR 110,500,000	DCF	ERV	EUR 196 - EUR 211 (EUR 208)
			Discount rate	4.05%
			Capitalisation rate	3.30%
STRAL 3	EUR 96,300,000	DCF	ERV	n.a.
			Discount rate	6.05%
			Capitalisation rate	4.60%
SALZ 4	EUR 50,100,000	DCF	ERV	n.a.
			Discount rate	6.15%
			Capitalisation rate	4.70%
QBC 1	EUR 54,390,000	DCF	ERV	EUR 200 - EUR 241 (EUR 196)
			Discount rate	4.05%
			Capitalisation rate	3.30%
QBC 2	EUR 183,670,000	DCF	ERV	EUR 200 - EUR 217 (EUR 185)
			Discount rate	4.05%
			Capitalisation rate	3.30%
QBC 7	EUR 21,000,000	DCF	ERV	EUR 56 600 per unit
			Discount rate	4.30%
			Capitalisation rate	3.55%
Arbats 39	RUB 515,000,000	DCF	ERV	RUB 35,000 - RUB 72,000 (RUB 46,028)
			Discount rate	13.50%
			Capitalisation rate	9.00%

Property	Fair value as of 31.12.2021	Valuation technique	Key unobservable inputs	Range (Weighted average), per sqm p.a.
			ERV	US\$ 650- US\$ 2,780 (US\$ 1,228)
			Discount rate	11.25%
Berlin House	US\$ 141,490,000	DCF	Capitalisation rate	8.50%
			ERV	US\$ 650 - US\$ 2,600 (US\$ 817)
			Discount rate	11.25%
Geneva House	US\$ 122,890,000	DCF	Capitalisation rate	8.50%
			ERV	RUB 1,695 - RUB 90,092 (RUB 23,738)
			Discount rate	13.75%
Polar Lights	RUB 7,498,530,000	DCF	Capitalisation rate	9.75%
			ERV	RUB 14,553 - RUB 129,360 (RUB 34,042)
			Discount rate	12.75%
Hermitage Plaza	RUB 13,532,180,000	DCF	Capitalisation rate	9.00%
			ERV	RUB 13,900 (RUB 13,900)
			Discount rate	15.50%
Magistral'naya	RUB 299,250,000	DCF	Capitalisation rate	10.75%
			ERV	EUR 282 - EUR 288 (EUR 296)
			Discount rate	4.20%
City Gate	EUR 129,800,000	DCF	Capitalisation rate	3.75%
			ERV	EUR 228 - EUR 276 (EUR 270)
			Discount rate	4.30%
Work Life Center	EUR 91,600,000	DCF	Capitalisation rate	3.60%
			ERV	EUR 188 - EUR 204 (EUR 200)
			Discount rate	3.75%
QBC 4	EUR 106,900,000	DCF	Capitalisation rate	3.25%
			ERV	n.a.
			Discount rate	6.05%
STRAL 3	EUR 95,000,000	DCF	Capitalisation rate	4.45%
			ERV	n.a.
			Discount rate	6.25%
SALZ 4	EUR 49,400,000	DCF	Capitalisation rate	4.65%
			ERV	EUR 194 - EUR 235 (EUR 190)
			Discount rate	3.75%
QBC 1	EUR 51,660,000	DCF	Capitalisation rate	3.25%
			ERV	EUR 196 - EUR 209 (EUR 179)
			Discount rate	3.75%
QBC 2	EUR 178,110,000	DCF	Capitalisation rate	3.25%
			ERV	EUR 30 960 per unit
			Discount rate	4.00%
QBC 7	EUR 21,000,000	DCF	Capitalisation rate	3.50%
			ERV	RUB 40,000 - RUB 84,085 (RUB 52,656)
			Discount rate	12.50%
Arbats 39	RUB 679,000,000	DCF	Capitalisation rate	8.75%

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy of the entity's portfolios of investment property are:

- ERV
- Discount rate
- Capitalisation rate

Significant increases/(decreases) in the ERV in isolation would result in a significantly higher/(lower) fair value measurement. Significant increases/(decreases) in the discount rate/capitalisation rate in isolation would result in a significantly lower/(higher) fair value measurement.

The table below presents the sensitivity of the valuation to changes in the most significant unobservable inputs used in the fair

value measurement categorized within Level 3.

30.06.2022		Effect on fair value	
in EUR	Sensitivity used	Effect of value of rental properties of the Group	
Decrease in ERV	5%		–40,532,760
Increase in discount rate	25 bps		–20,454,038
Increase in capitalisation rate	25 bps		–36,439,285

31.12.2021		Effect on fair value	
in EUR	Sensitivity used	Effect of value of rental properties of the Group	
Decrease in ERV	5%		–35,407,352
Increase in discount rate	25 bps		–22,261,587
Increase in capitalisation rate	25 bps		–41,040,311

As of now, there are no actual signs of significant fall in rental income in Russia. Though, most of the experts in Russia that management has been consulting with, expect decrease in revenues in the nearest future and increase in yields. The specific estimates vary significantly. The table below presents the sensitivity of investment properties in Russia using higher rates of change in the most significant unobservable inputs, in comparison to those presented for the whole Group given above.

30.06.2022		Effect on value of rental properties		Effect on value of rental properties	
in EUR	Sensitivity used	Russia	Sensitivity used	Russia	
Decrease in ERV	5%	–23,656,054	10%	–47,300,564	
Increase in discount rate	25 bps	–5,315,037	200 bps	–40,805,047	
Increase in capitalisation rate	25 bps	–10,043,493	200 bps	–67,886,917	

Valuation Uncertainty in Russia as of 30 June 2022

There is uncertainty over the future performance of the Russian economy. Geopolitical events are moving quickly, and a severe set of sanctions have been implemented and / or are proposed. The scope and focus of such sanctions are yet unclear. The effect on the broader economy and the commercial property market is equally unclear. There is potential for market conditions to change rapidly and, until there is more certainty and market evidence, management do not feel it is prudent to exercise judgement on future events and the impact they may have on performance and property values in the future. Market activity is being impacted in many sectors. As at the valuation date significant volatility is expected in all sectors and management considers that they can attach less weight to previous market evidence for comparison purposes used in order to inform opinions of value. The valuation is therefore reported on the basis of 'material valuation uncertainty'. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case.

8. INVENTORY

in EUR	for six months ended 30.06.2022	for the year ended 31.12.2021
Inventory		
Beginning of the period	52,626,038	70,066,193
Disposal	-2,181,221	-23,047,635
Effect of translation to presentation currency	25,381,524	5,607,480
End of period	75,826,341	52,626,038

ARBAT MULTI-USE COMPLEXES (APARTMENT PREMISES)

Inventory consists of residential properties at Arbat Multi-use complexes. Arbat projects represent two multi-use buildings of 24,630 sqm and 10,520 sqm at Arbat Street 24 and Arbat Street 39 in Moscow. The part of the project representing residential properties and parking lots on sale is recognized as inventory. As of 30 June 2022, the Group owns apartments with a total area of approx. 5,170 sqm (31 December 2021: 5,400 sqm). In the first six months 2022, the Group sold several apartments to third parties and recognised gain on sale in the amount of US\$ 0.74 million (six months 2021: US\$ 1.5 million). Refer to Note 14. As a special measure of the state authorities against international sanctions, sales of properties in Russia held by foreign companies, are suspended. Permission is given in every specific case. Management filed the request with the government to approve sales of the Arbat properties, held by subsidiary Redhill (Cyprus resident). At the date of the issuance of these financial statements, the approval has not been granted. The carrying value of the inventory is measured at the lower of cost and net realisable value. As of 30 June 2022 and 31 December 2021, the cost of the inventory is lower than its net realisable value.

9. ACCOUNTS RECEIVABLE

in EUR	30.06.2022	31.12.2021
Non-current Loans and Accounts receivable		
Eurobonds	1,393,391	1,918,912
Total	1,393,391	1,918,912
Current Accounts receivable		
Rental receivable	3,052,280	3,673,842
Receivable on sale of properties	-	774,261
Other receivable	466,846	333,661
Total	3,519,126	4,781,764
Total Accounts receivable	4,912,517	6,700,676

10. CASH AND CASH EQUIVALENTS

in EUR	30.06.2022	31.12.2021
Cash at bank (3)	189,960,226	84,651,389
Fiduciary deposits (1), (3)	12,820,090	13,090,712
Cash in transit	-	2,970
Cash and cash equivalents available	202,780,316	97,745,071
Bank overdrafts (Note 12)	-45,543	-5,190
Total cash and cash equivalents available with bank overdrafts	202,734,773	97,739,881
Restricted cash: tenants deposits	999,116	1,006,240
Restricted cash: escrow accounts (2)	133,571	1,711,966
Total Cash and cash equivalents with bank overdrafts	203,867,460	100,458,087

(1) Fiduciary deposits are denominated in RUB and have different terms up to 31 days and interest rates of 5,1% – 6,5% p.a.

(2) Cash in Euro on escrow account at notary is kept for settlements on acquisition of QBC 1,2,7 projects.

(3) As of 30 June 2022, bank VTB was included in the international sanction list. In July 2022, sanctions were imposed on Sberbank. At the period-end, the Moscow branches of the European entities of the Group, Connecta (Germany) and Redhill (Cyprus), had balances of cash and cash deposits in these banks for the amount of EUR 0.014 million and EUR 9.30 million, respectively. As any operations of the European entities with the sanctioned banks became forbidden, management closed the accounts of these entities at VTB and Sberbank subsequently to the period end. The funds were transferred to the accounts in other non-sanctioned banks.

The balance of cash and cash equivalents in the consolidated statement of financial position consists of balances of cash and cash equivalents available and restricted cash (30 June 2022: EUR 203,913,003; 31 December 2021: EUR 100,463,277).

11. BORROWINGS

in EUR	30.06.2022	31.12.2021
Borrowings (long term)		
Bonds issued	411,775,000	401,238,406
Notes payable	146,000,000	267,100,055
Bank loans	166,664,344	167,110,327
Other loans	6,001,187	6,000,952
Total	730,440,531	841,449,740
Borrowings (short term)		
Bonds issued	1,221,750	3,277,267
Notes payable	285,012,500	56,000,011
Bank loans	930,000	899,964
Other loans	35,482,741	32,126,454
Bank overdrafts	45,543	5,190
Total	322,692,534	92,308,886

BONDS

Bonds are measured at amortised cost using the effective interest rate (EIR). Amortised cost is calculated by taking into account transaction costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

On 1 April 2022, the Company received consent and modified currency and interest rate of the bonds. The updated information on all four bond placements performed by the Company is presented in the table:

	Nominal value, EUR	Nominal interest rate	Interest payment date	Maturity date
ISIN CH1177844367 (until April 2022 CH0249865368)	126,700,000	2.0%	March and September	Sep 2023
ISIN CH1177348278 (until April 2022 CH0254468074)	117,650,000	2.0%	March and September	Sep 2023
ISIN CH1177348302 (until April 2022 CH0283169123)	122,175,000	2.25%	June and December	May 2024
ISIN CH1177348310 (until April 2022 CH0305765015)	45,250,000	2.25%	June and December	Dec 2024
Total	411,775,000			

The modification was accounted for as extinguishment of the original financial liability and the recognition of a new financial liability on 1 April 2022. Please refer to Note 4.

NOTES PAYABLE

Notes payable consist of the subordinated EUR-denominated notes issued to the Company's shareholders on terms disclosed in the table below.

In March and April 2022, the Company issued registered subordinated EUR-denominated loan notes to two of its main shareholders for the amount of EUR 103 million in total. The notes have a maturity of 3 years and interest of 3.5%. The Company has the right to redeem all notes at par with interest accrued at any time.

In September 2022, one of the shareholders holding the notes, consented to extend the maturity of the notes totaling to EUR 253 million, originally payable in 2022-2023, for the period not less than twelve months.

	Carrying amount excluding interest payable, EUR	Nominal interest rate	Collateral	Maturity date
Issue 2017	56,000,000	1.7%	None	Dec 2022
			100% of the shares of the Cyprus holding company of City Gate Stuttgart GmbH, Ferran	
Issue 2019	43,000,000	1.5%	Limited	Feb 2024
Issue 2020 - 1	204,700,000	3.50%	None	Mar 2023
Issue 2020 - 2	19,400,000	3.50%	None	Jun 2023
Issue 2022 - 1	30,000,000	3.50%	None	March 2026
Issue 2022 - 2	73,000,000	3.50%	None	April 2026
Total	426,100,000			

BANK LOANS

Bank loans consist of secured EUR-denominated loans of European entities of the Group holding the properties QBC 4, QBC 1 & 2 and SALZ 4 from Unicredit bank.

in EUR				30.06.2022	31.12.2021	
Long-term bank loans	currency of issue	nominal interest	repayment date	Collateral		
UniCredit - QBC4 loan	EUR	3M EURIBOR +1,125%	April 2024	(1)	50,684,220	50,682,234
UniCredit - QBC1&2 loans	EUR	3M EURIBOR +1,3%	Dec. 2030	(2)	99,651,374	99,620,000
UniCredit - SALZ4 loan	EUR	1M EURIBOR +1,05%	Dec. 2029	(3)	16,328,750	16,808,093
Total					166,664,344	167,110,327
Short-term bank loans						
UniCredit - SALZ4 loan	EUR	1M EURIBOR +1,05%		(3)	930,000	899,964
Total					930,000	899,964

The loans are secured as follows

- (1) The loan is secured by 100% shares in subsidiary QBC Immobilien GmbH & Co Delta KG that holds investment property.
- (2) The loans given to QBC 1 & 2 are secured with the property QBC 1 & 2 (land and building) and all current and future rental receivables of these properties.
- (3) The loan is secured with the property SALZ 4 (land and building) as well as all its current and future rental receivables.

OTHER LOANS

Other loans comprise of the following liabilities.

- Loan with the carrying amount of EUR 30.74 million was obtained in prior periods to finance Arbat Project. It has fixed 7% annual interest rate. Maturity term is in 31 December 2022.
- Loans from non-controlling shareholders of German subsidiaries of the Group (WLC, City Gate and STRAL 3 with the total carrying amount of EUR 10.74 million (of which EUR 4.74 million is short-term). Interest rates are fixed at 4.26% and 4.5%. Loans are repayable in December 2022 (EUR 4.11 million), October 2026 (EUR 1.30 million) and December 2031 (EUR 4.70 million).

The changes in the balance of borrowings, excluding overdraft, are given below:

in EUR	Bonds issued	Notes payable	Bank and other loans	Total
Balance as of 1 January 2022	404,515,673	323,100,066	206,137,697	933,753,436
Cash flows, net	– 10,741,422	102,331,864	– 1,749,421	89,841,021
Non-cash movements:	–	–	–	–
Interest accruals	8,876,384	5,580,570	2,269,690	16,726,644
Derecognition of old liability	– 411,405,316	–	–	– 411,405,316
Recognition of new liability	411,775,000	–	–	411,775,000
Foreign exchange difference	9,976,431	–	–	9,976,431
Currency translation adjustment (CTA)	–	–	2,420,306	2,420,306
Balance as of 30 June 2022	412,996,750	431,012,500	209,078,272	1,053,087,522

in EUR	Bonds issued	Notes payable	Bank and other loans	Total
Balance as of 1 January 2021	372,955,791	323,100,090	210,976,655	907,032,536
Cash flows, net	– 11,647,250	–	– 9,419,038	– 21,066,288
Non-cash movements:	–	–	–	–
Interest accruals	11,741,855	4,610,779	2,170,448	18,523,082
Foreign exchange difference	–	– 10,530,551	4,980,299	– 5,550,252
Currency translation adjustment (CTA)	12,362,520	10,639,842	– 4,362,315	18,640,047
Balance as of 30 June 2021	385,412,916	327,820,160	204,346,049	917,579,125

12. ACCOUNTS PAYABLE AND OTHER LIABILITIES

in EUR	Note	30.06.2022	31.12.2021
Non-current liabilities			
Tenant deposits		7,430,313	6,876,935
Deferred revenue		2,987,390	2,367,412
Land lease liabilities		287,398	289,555
Total		10,705,101	9,533,902
Current liabilities			
Payables for acquired properties at FVTPL		133,571	3,018,266
Trade payables and accrued expenses		2,460,075	2,613,898
Payables to construction suppliers		106,866	950,065
Payables and accrued expenses with related parties	22	218,240	151,406
Tenant deposits		2,897,721	992,672
Deferred revenue		254,466	321,634
Total		6,070,939	8,047,941
Total Accounts payable and other liabilities		16,776,040	17,581,843

13. GROSS RENTAL INCOME

for the six months ended 30.06.2022							
in EUR	Berlin House	Geneva House	Polar Lights	Hermitage Plaza	Magistral'naya	Arbat	Total Russia
Gross rental income	4,823,525	5,433,347	5,001,348	6,694,777	327,159	90,882	22,371,038
Service charge income	795,421	1,039,418	748,329	1,833,563	28,361	14,942	4,460,034
Property operating and maintenance expenses	-810,441	-844,593	-1,505,196	-1,714,605	-131,755	-33,166	-5,039,756
Utilities	-162,661	-172,466	-368,431	-253,610	-58,906	-4,394	-1,020,468
Property operating expenses	-125,838	-174,164	-390,244	-613,697	-58,947	-	-1,362,890
Repair and maintenance costs	-56,082	-	-53,278	-26,913	-6,218	-4,104	-146,595
Ground rents paid	-13,822	-35,975	-36,762	-60,295	-6,480	-	-153,334
Non-income taxes	-452,038	-461,988	-656,481	-760,090	-1,204	-24,668	-2,356,469
Net rental income	4,808,505	5,628,172	4,244,481	6,813,735	223,765	72,658	21,791,316

for six months ended 30.06.2021							
in EUR	Berlin House	Geneva House	Polar Lights	Hermitage Plaza	Magistral'naya	Arbat	Total Russia
Gross rental income	4,607,671	4,195,732	4,107,419	5,399,003	118,041	114,248	18,542,114
Service charge income	567,054	798,696	572,576	1,505,545	60,540	5,648	3,510,059
Property operating and maintenance expenses	-579,494	-707,720	-1,148,455	-1,351,283	-86,190	-27,486	-3,900,628
Utilities	-159,591	-144,820	-328,798	-229,636	-24,780	-1,775	-889,400
Property operating expenses	-105,472	-140,248	-337,404	-522,065	-26,409	-	-1,131,598
Repair and maintenance costs	-35,553	-	-14,412	-25,892	-189	-3,555	-79,601
Ground rents paid	-14,006	-17,250	-24,485	-48,757	-5,525	-	-110,023
Non-income taxes	-264,872	-405,402	-443,356	-524,933	-29,287	-22,156	-1,690,006
Net rental income	4,595,231	4,286,708	3,531,540	5,553,265	92,391	92,410	18,151,545

for six months ended 30.06.2022					
in EUR	City Gate	WLC	STRAL 3	SALZ 4	Total Germany
Gross rental income	2,238,639	1,743,687	1,995,683	1,258,079	7,236,088
Service charge income	770,143	435,667	-	34,800	1,240,610
Property operating and maintenance expenses	-623,796	-624,778	-208,706	-165,883	-1,623,163
Utilities	-136,384	-153,951	-	-5,789	-296,124
Property operating expenses	-285,866	-211,419	-57,663	-51,675	-606,623
Repair and maintenance costs	-137,009	-223,469	-111,404	-90,816	-562,698
Ground rents paid	-	-	-	-	-
Non-income taxes	-64,537	-35,939	-39,639	-17,603	-157,718
Net rental income	2,384,986	1,554,576	1,786,977	1,126,996	6,853,535

for six months ended 30.06.2021					
in EUR	City Gate	WLC	STRAL 3	SALZ4	Total Germany
Gross rental income	2,218,393	1,608,160	2,101,263	1,203,504	7,131,320
Service charge income	491,687	326,549	-	29,999	848,235
Property operating and maintenance expenses	-763,193	-632,628	-342,321	-110,743	-1,848,885
Utilities	-149,850	-154,685	-	-1,868	-306,403
Property operating expenses	-381,143	-289,802	-55,807	-46,503	-773,255
Repair and maintenance costs	-167,665	-153,670	-246,876	-44,769	-612,980
Ground rents paid	-	-	-	-	-
Non-income taxes	-64,535	-34,471	-39,638	-17,603	-156,247
Net rental income	1,946,887	1,302,081	1,758,942	1,122,760	6,130,670

for six months ended 30.06.2022

in EUR	QBC 4	QBC 1	QBC 2	QBC 7	Reconciliations (inter-company)	Total Austria	Total Group
Gross rental income	1,857,723	868,001	2,236,002	610,581	-220,981	5,351,326	34,958,452
Service charge income	720,066	229,833	537,870	180,802		1,668,571	7,369,215
Property operating and maintenance expenses	-704,387	-284,886	-992,846	-583,744	220,981	-2,344,882	-9,007,801
Utilities	-303,633	-136,792	-359,846	-9,133		-809,404	-2,125,996
Property operating expenses	-327,772	-102,258	-493,990	-302,597		-1,226,617	-3,196,130
Repair and maintenance costs	-58,564	-45,587	-138,148	-48,582		-290,881	-1,000,174
Ground rents paid	-	-	-	-220,981	220,981	-	-153,334
Non-income taxes	-14,418	-249	-862	-2,451		-17,980	-2,532,167
Net rental income	1,873,402	812,948	1,781,026	207,639	-	4,675,015	33,319,866

for six months ended 30.06.2021

in EUR	QBC 4	QBC 1	QBC 2	QBC 7	Reconciliations (inter-company)	Total Austria	Total Group
Gross rental income	1,742,471	89,442	348,404	463,507	-165,382	2,478,442	28,151,876
Service charge income	628,645	237,057	718,385	664,860	-340,906	1,908,041	6,266,335
Property operating and maintenance expenses	-640,535	-229,374	-699,990	-991,995	506,288	-2,055,606	-7,805,119
Utilities	-209,245	-91,694	-288,196	-189,990	-	-779,125	-1,974,928
Property operating expenses	-408,086	-99,446	-313,875	-754,112	506,288	-1,069,231	-2,974,084
Repair and maintenance costs	-19,218	-38,234	-97,919	-42,993	-	-198,364	-890,945
Ground rents paid	-	-	-	-	-	-	-110,023
Non-income taxes	-3,986	-	-	-4,900	-	-8,886	-1,855,139
Net rental income	1,730,581	97,125	366,799	136,372	-	2,330,877	26,613,092

The top tenants in the Group in the reporting period and in 2021 are presented below as share of their income in total gross rental and service charge income of the Group.

	for six months ended 30.06.2022	for the year ended 31.12.2021
VimpelCom	10%	10%
Richemont Group	9%	9%
BDO Austria	6%	7%
Ingrad Nedvizhimost	6%	6%
NHOW	6%	6%
S7 Airlines	4%	4%

The following table represents the rental income to be received by the Group in future periods under leases currently in effect:

in EUR	30.06.2022	31.12.2021
Less than 1 year	95,704,674	77,050,422
From 1 year to 5 years	342,836,543	242,243,531
More than 5 years*	215,841,576	218,446,938
Total	654,382,793	537,740,891

* The income on leases with BDO at QBC 4, unlimited in term, is included in the table for the period up to December 2043, when the Group shall be entitled to align the contract rate with the market.

14. GAINS AND LOSSES ARISING FROM THE SALES OF PROPERTIES

in EUR	for six months ended	
	30.06.2022	30.06.2021
Sales of residential property	2,922,497	10,266,059
Cost of sales	-2,181,221	-8,782,576
Gain on sale	741,276	1,483,483
Total gain on sale of properties	741,276	1,483,483

At the beginning of March 2022, the Group sold several residential properties in Arbat 24 and Arbat 39 properties. After that, all sales of the Russian properties, owned by foreign companies, have been suspended by the state authorities as part of the measures against international sanctions imposed on Russia. Refer to Note 8 for detail.

15. ADMINISTRATIVE AND SELLING EXPENSES

in EUR	for six months ended	
	30.06.2022	30.06.2021
Professional and administration fees	1,348,527	1,369,994
Selling expenses	369,788	232,546
Salaries and social charges	295,062	231,963
Total	2,013,377	1,834,503

16. FINANCE COSTS

in EUR	for six months ended	
	30.06.2022	30.06.2021
Interests on bonds issued	8,876,384	11,741,855
Interest on notes payable (1)	3,975,948	3,006,205
Interest on loans payable	936,217	912,380
Interest on bank loans	1,333,474	1,258,068
Bank charges	455,495	282,015
Other finance cost	100,178	50,696
Total	15,677,696	17,251,219

(1) Total interest on notes payable in the reporting period amounted to EUR 5.58 million (six months ended 30 June 2021: EUR 4.61 million), including EUR 3.98 million (six months ended 30 June 2021: EUR 3.01 million) recognized in statement of profit and loss as interest expense and EUR 1.6 million (six months ended 30 June 2021: EUR 1.6 million) capitalized in the investment property LASS 1 (refer to Note 6).

17. OTHER INCOME

in EUR	for six months ended	
	30.06.2022	30.06.2021
Income on adjustment of purchase price of investment property (1)	43,382	1,013,515
Termination and other penalties from tenants	796,001	378,277
Income from recalculation of property tax for prior periods for Russian properties agreed with tax authorities	–	117,416
Other miscellaneous income	327,690	529,922
Total	1,167,073	2,039,130

(1) In prior period, the Group agreed with the former owners of investment property WLC on adjustment of the final purchase price. The property was acquired in 2017 as business combination. Upon receipt of cash, the Group recognized income on adjustment in the statement of profit and loss. In reporting period, the Group recognized income on release of earn-out payment accrual to the Sellers of SALZ 4 for the amount EUR 0.043 million.

18. OTHER EXPENSES

in EUR	for six months ended	
	30.06.2022	30.06.2021
General overheads at LASS 1 construction site	73,583	67,284
Utilities and maintenance of Arbat residential properties in stock	183,255	195,757
Other taxes and duties	553,033	290,419
Depreciation	4,281	4,776
Impairment of Euro-bonds	–135,000	–
Other miscellaneous expenses	331,429	138,583
Total	1,010,581	696,819

19. INCOME TAX

in EUR	30.06.2022	30.06.2021
Current income tax expense	–3,560,912	–3,720,448
Deferred income tax benefit/(expense)	19,664,237	–3,726,279
Income tax benefit/(expense)	16,103,325	–7,446,727

Deferred income tax primarily arises on taxable difference between tax value and fair value of the investment properties determined in functional currency of the subsidiaries owning these properties. When fair value of investment properties increases or decreases, the Group recognizes deferred tax expense or benefit, accordingly.

20. SHAREHOLDERS' EQUITY

There were no changes in number of the authorised and issued share capital in the reporting period and in the year ended 31 December 2021.

SHARE CAPITAL AND SHARE PREMIUM REPARTITION

All of the Company's ordinary and preferred shares had been authorised and issued without par value. On 14 June 2021, the Company was entitled to amend and restate its share capital by assigning a par value of US\$ 1.00 to each ordinary share and each preferred share. Accordingly, the issued share capital of the Company consists of 14,409,022 ordinary shares with a par value of US\$ 1.00 each, totalling to US\$14.41 million. The excess over this amount of US\$739.12 million was reclassified to share premium.

SHARE ISSUE

On 22 December 2020, the Company successfully listed, traded and settled additional issue of 4,435,000 new ordinary shares without par value at subscription price US\$ 36.82. Proceeds from the issue amounted to US\$ 163,296,700. The proceeds were presented as share capital, net of transaction related costs of US\$ 309,209, in the consolidated statement of financial position and statement of changes in equity.

On 1 January 2022, the Company changed its functional currency (refer to Note 3). All items of equity of the Company (share capital, share premium and treasury shares) were translated into EUR using rate 1.1328 US\$/EUR. The balances and changes as of 1 January 2020 and for the period through to 31 December 2020 were also translated at this rate.

As of 30 June 2022 and 31 December 2021, the issued share capital of the Company consists of 14,409,022 ordinary shares with a par value of EUR 0.93 each, totalling to EUR 12.72 million; share premium amounts to EUR 669.40 million.

CHANGE OF THE DENOMINATION OF SHARE CAPITAL FROM US\$ TO EUR

The Board of Directors initiated the change of the denomination of the Company's share capital into EUR approved by the shareholders at the annual general meeting on 9 June 2022. According to the decision, authorized share capital is equal to EUR 20,460,000 divided into 21,000,000 ordinary shares of a nominal value EUR 0.93 each. The issued share capital is equal to EUR 13,400,390.46 divided into 14,409,022 ordinary shares of a nominal value of EUR 0.93 each. The change is in process of registration with the state authorities by the date of issuance of these financial statements. Upon registration, respective entries will be made to the statement of changes in equity to align the amount of share capital (EUR 12.72 million) to the newly registered figure (EUR 13.40 million) by re-allocation of the difference of EUR 0.68 million from share premium.

OTHER RESERVES

Other reserves include FV adjustment and impairment allowance for the financial assets at FVOCI. Upon disposal of the asset, accumulated reserve related to this asset is reclassified to Profit or Loss.

CUMULATIVE TRANSLATION ADJUSTMENT ("CTA")

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency. Refer to the latest annual financial statements for the translation accounting policy. All resulting exchange differences are recognised in other comprehensive income or expenses as part of CTA.

DIVIDENDS

No dividend was paid during reporting period (2021: nil).

21. CONTINGENCIES

Pledges

The Group's assets are pledged to secure borrowings of the Group (refer to Note 12):

- Shares in subsidiaries Ferran Limited, QBC Immobilien GmbH&Co Delta KG, QBC Omega SP Immomangement GmbH, QBC Alpha SP Immomangement GmbH, QBC Immobilien GmbH;
- Investment property for the total amount of US\$ 309.16 million;
- Current rental receivables for the amount of US\$ 0.47 million and future rental receivables of investment properties SALZ 4 and QBC 1, 2 & 7.

Capital commitments

In June 2020, the Group signed a general contractor agreement for the amount of EUR 50 million for construction and refurbishment works at newly acquired property LASS 1 in Vienna, out of which EUR 42.98 million are executed as of 30 June 2022. The works are to be completed in the second half of 2022.

Operating environment in Russia

Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment. Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

Starting from 2014, sanctions have been imposed in several packages by the US, UK, EU and others on certain Russian officials, individuals and companies. On 21 February 2022, the President of Russia signed the executive orders on the recognition of the Donetsk People's Republic and the Lugansk People's Republic. On 24 February 2022, a decision to carry out a "special military operation" in Ukraine was announced and has been carried out by the time of the issue of these financial statements. Subsequent to these events, the US, UK, EU and other countries announced and have been imposing several rounds of severe sanctions on a wide range of Russian state bodies, officials, individuals, banks and companies. These developments resulted in reduced access of the Russian businesses to international capital and export markets, high volatility of the Russian Ruble, decline in capital markets and other negative economic consequences.

EPH is increasingly affected by the ongoing conflict between Russia and the Ukraine and the fact that approx. 44% of the Group's asset value and 64% of revenues are located in Russia (refer to Note 5). Group's operations in Western Europe are independent from the Russian segment in terms of cash flows and operate unaffected by the situation.

At the time of the issuance of these financial statements, the situation is developing and its outcome is uncertain. Based on the current circumstances and available information, management has been implementing a range of measures that support the Group's going concern in the foreseeable future. To support the ability of the Group to pay its obligations in regard to its borrowings in case that operational cash flows will not be sufficient, the Company issued subordinated notes to two of its main shareholders and agreed on decrease of the interest rate and currency for bonds (see Note 11). At the moment, the Company agreed with the shareholders, holding the Company's notes, extension of the maturities of the subordinated notes payable in 2022-2023 (refer to Note 23). As of now, there are no actual signs of a significant fall in rental income in Russia; most of the tenants continue payment of the rentals and do not approach management to withdraw or review current rental agreements. Though, most of the experts in Russia expect decrease in revenues in the nearest future. Potentially, increase in yields in Russia by 2% and decrease in estimated rental values (ERV) by 10% would lead to a decrease of the fair value of investment properties in Russia for EUR 156 million (26% of the value of investment properties in Russia and 11% of total value of investment property of the Group as of 30 June 2022). As the properties in Russia are not subject to any mortgages and other financial instruments tied to the fair value of the assets, management does not expect any direct negative consequences of the potential decrease in the fair value of investment property. As of 30 June 2022, the European subsidiaries of the Group held balances of cash and cash deposits in Russian State banks under international sanctions, VTB and Sberbank (refer to Note 10 for detail), for the amount EUR 9.31 million. The funds were not available for international transfers, but possible to use within Russia. Subsequent to period-end, management closed the accounts of these entities in these banks and transferred the cash to other, non-sanctioned, Russian banks.

As part of countermeasures against sanctions, the Russian state authorities restricted rights of the foreign owners of the Russian assets. Under current rulings, the foreign companies and individuals that own shares in and/or assets based in Russia, cannot sell them without specific permit of the government. Management filed an application to get the permit for the sales of Arbat residential properties (Notes 8, 14) and expects to get approval. The Group has sufficient funds to maintain Arbat site before sales are permitted.

Management tested different scenarios with decreased rental cash flows and ensured that entities in Russia have sufficient funds to maintain properties during twelve months, at least, even if the revenues fall dramatically to zero level. Management monitors the situation on a regular basis to develop and introduce additional measures for the properties in case necessary.

22. RELATED PARTY TRANSACTIONS

The Interim Condensed Consolidated Financial Statements include the financial statements of the Company and the subsidiaries. In the reporting period, there were no changes in the Company's ownership in the subsidiaries in comparison to 31 December 2021.

Related parties include shareholders, associates, entities under joint control, key management personnel and other related parties having significant influence on the Group. The Company and its subsidiaries, in the ordinary course of their business, enter into various sale, purchase and service transactions with related parties. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this Note. Refer to the Group's latest published annual financial statements for description of the relationships with the related parties, which remained basically the same in the reporting period. The Group's related party balances as of 30 June 2022 and 31 December 2021 consisted of the following:

in EUR	30.06.2022	31.12.2021
Other related parties		
Accounts payable and accrued expenses	-218,240	-151,406
Accounts receivable	204	1,135
Advances paid	137,260	-
Advances received	-25,555	-9,953
Shareholders		
Borrowings (Note 11)	-431,012,500	-323,100,066

The Group's transactions with related parties for the periods ended of 30 June 2022 and 30 June 2021 consisted of the following:

in EUR	for six months ended	
	30.06.2022	30.06.2021
Other related parties		
Gross rental income	169,219	153,402
Management fees	-1,699,860	-1,686,643
Other expenses	-4,503	-
Shareholders		
Finance costs	-3,975,948	-3,006,205

OTHER TRANSACTIONS

In the reporting period, Valartis Group provided finance to the Company by acquisition of notes for the amount EUR 30 million (refer to Note 11).

During six months ended on 30 June 2021, Valartis Group delivered financial services related to the refinancing of bank loans for the amount EUR 0.21 million. These expenses are amortised over the loan term under effective interest rate (EIR) method. Several managers of Valartis Group work as managers at several Russian subsidiaries of the Group. Salary for the reporting period amounted to EUR 0.17 million (six months 2021: EUR 0.12 million).

Transactions and balances with key management personnel

Compensation to the board of directors amounted to EUR 130 thousand in the reporting period (six months 2021: EUR 103 thousand). It is presented in line Professional and administration fees in the Profit and loss statement.

Compensation prepaid as at 30 June 2022 amounts to EUR 103 thousand (31 December 2021: EUR 125 thousand). It is presented in line Prepayments in the Statement of financial position.

23. SUBSEQUENT EVENTS

In September 2022, the shareholder of the Group, holding subordinated notes of the Company, that fall due in 2022-2023, acknowledged its consent with postponement of the maturity date under the notes for the amount EUR 253 million for a period of not less than 12 months. Specific terms and conditions of such postponement are being negotiated between the shareholder and EPH.

24. GENERAL INFORMATION ON INVESTMENT PROPERTIES

as of 30.06.2022

	Berlin House	Geneva House	Polar Lights	Hermitage Plaza	Magistral'naya	Arbat 39
Country	Russia					
City	Moscow					
Address	5, Petrovka Street	7, Petrovka Street	26, Pravdy Street	4 & 13,2/4, Krasnoproletarskaya St.	11/2 1st Magistralnaya St	39, Arbat Street
Property description	Office & retail centre	Office & retail centre	Office & retail centre	Office centre	Office centre	Mixed-use: apartments & retail
Class	A	A	B+	A	B	Elite
Building area, sqm	13,381	16,455	37,815	40,216	3,552	10,520
Land	leasehold	leasehold	leasehold	leasehold	leasehold	leasehold
Net rentable area in sqm (BOMA)	10,100	11,970	30,750	32,900	3,177	1,261
office	6,620	10,340	30,490	32,500	3,177	–
retail	3,480	1,630	260	400	–	1,261
other	–	–	–	–	–	–
Parking lots						
underground	62	127	159	284	–	72
surface	–	–	52	–	39	–
Vacancy rate as a % of net rentable area	20.9%	7.1%	0.0%	7.5%	0.0%	77.2%
Lease terms	2022-2030	2022-2035	2022-2027	2022-2026	2023	2023
Weighted average lease term, years	2.7	4.3	2.7	3.2	1.5	1.1

as of 30.06.2022

	City Gate	WLC	STRAL 3	SALZ 4
Country	Germany			
City	Stuttgart	Hamburg	Berlin	Dresden
Address	11, Kriegsbergstrasse	1a, Gorch-Fock-Wall	3, Stralauer Allee	4, Salzgasse
Property description	Office & retail with restaurant	Office and retail with fitness	Purpose built design hotel (music theme)	Hotel
Class	A	A	4-star	4-star
Building area, sqm	26,445	12,068	28,030	15,620
Land	freehold	freehold	freehold	freehold
Net rentable area in sqm (BOMA)	17,231	12,038	20,160	15,550
office	15,378	6,171	n/a	–
retail	1 246 (incl. restaurant)	2,519	n/a	261
other	607	2 416 (fitness), 932 (other)	20 160 (304 rooms, restaurant, spa, music stage, record studios)	15 289 (180 rooms, a spa, restaurant, bar)
Parking lots				
underground	145	89	86	46
surface	–	–	39	–
Vacancy rate as a % of net rentable area	0.0%	0.0%	0.0%	0.0%
Lease terms	2023-2031	2023-2032	2035	2029
Weighted average lease term, years	5.9	5.7	13.5	7.5

as of 30.06.2022

	QBC 1	QBC 2	QBC 4	QBC 7	LASS 1
Country	Austria				
City	Vienna				
Address	Gertrude-Fröhlich-Sandner-Str	5, Wiedner Gürtel	4, Am Belvedere	Karl Popper Straße ONr. sine	1, Lassallestrasse Office building under construction
Property description	Office buidling	Office buidling	Office buidling	Parking	
Class	A	A	A	A	n/a
Building area, sqm	10,300	30,600	20,000	n/a	44 776*
Land	freehold	freehold	freehold	freehold	freehold
Net rentable area in sqm (BOMA)	9,271	29,870	17,425	679	29 048*
office	7,848	24,287	17,425		n/a
retail	740	3,205	–	–	n/a
other	683	2,378	–	–	n/a
Parking lots					
underground			71	679	n/a
surface			–		n/a
Vacancy rate as a % of net rentable area	0.0%	0.0%	0.0%	n/a	n/a
Lease terms	2026-2040	2026-2041	unlimited	2038	n/a
Weighted average lease term, years	9.0	6.0	unlimited	16.5	n/a

*expected area after completion of construction is given

25. EARNINGS PER SHARE

in EUR	30.06.2022	30.06.2021
Earnings per share		
Net (loss)/profit attributable to shareholders	–37,586,473	8,816,956
Weighted average number of ordinary shares outstanding	14,322,727	14,324,721
Earnings per share (EUR per share)	–2.62	0.62

SUPPLEMENTAL RECONCILIATIONS AND DEFINITIONS

The KPI table above includes management performance measures which are, or may be, considered non-IFRS financial measures as defined in the rules of SIX. While EPH's management believes that the non-IFRS financial measures herein are useful in evaluating Group's operating results, this information should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with IFRS. Therefore these measures should not be viewed in isolation but considered together with the interim condensed consolidated financial statements (unaudited) prepared in accordance with IFRS as of and for the six months ended 30 June 2022 (referred to as "financial statements" herein).

Reconciliation of the non-IFRS financial measures to a comparable measure in the financial statements is given below. All other measures, not listed below, represent IFRS financial measures, which can be directly identified in the financial statements.

"Operating income" represent performance measure of a regular basic activity of the Group. It is determined based on IFRS-measures: "Net operating profit" excluding "Revaluation of investment properties" and irregular items of extra-ordinary nature (see below) plus "Interest income".

"Net other operating income/(gain)" measures financial outcome of other irregular and individually insignificant items and is determined as net result of "Other operating income" and "Other operating expense" excluding irregular items of extra-ordinary nature (see below).

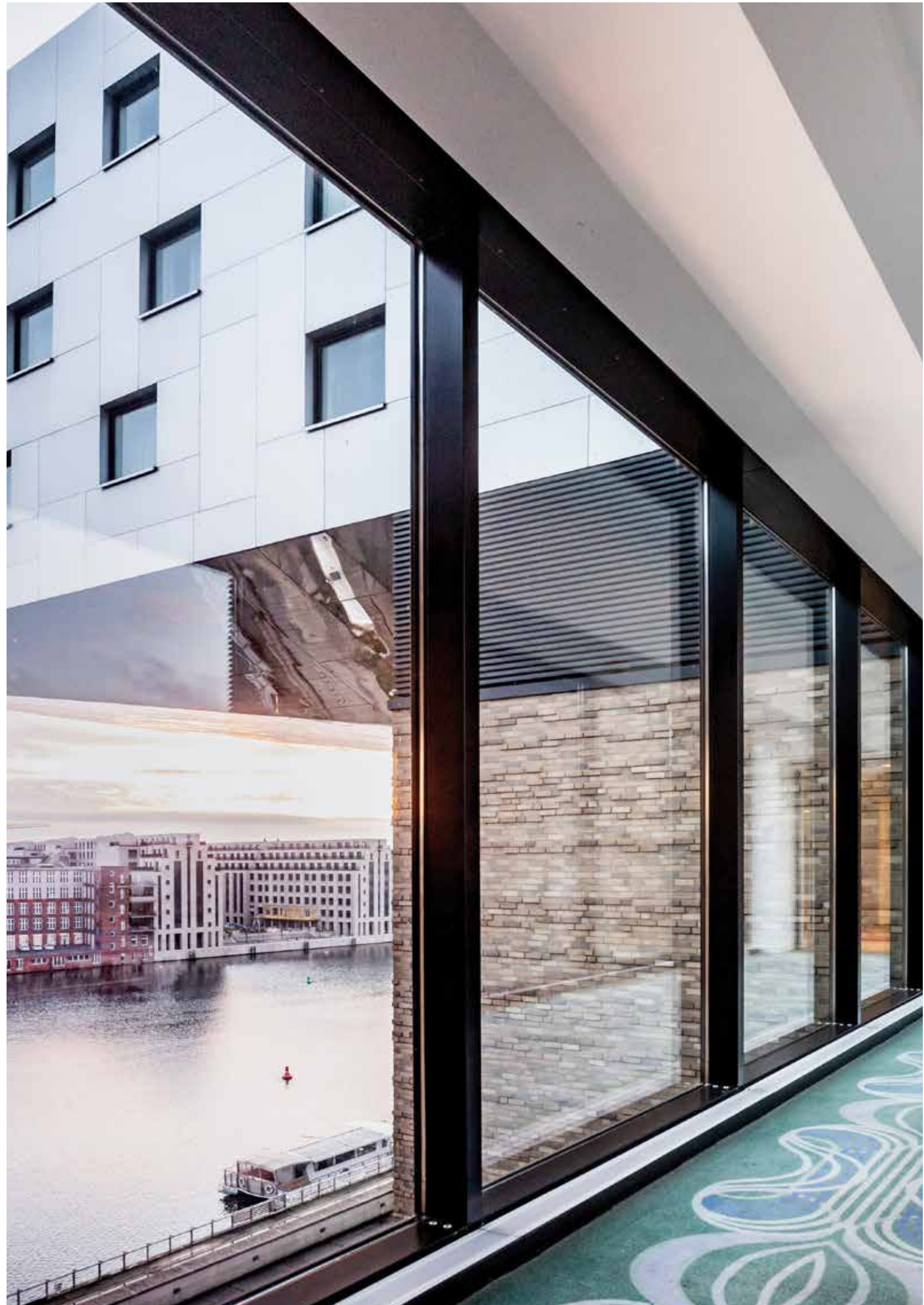
"Earnings from operational activity" measures regular performance of the Group excluding current income tax and finance costs and is determined as "Operating income", as described above, less "Current income tax" and less "Finance cost". Sum of current income tax and deferred tax reconcile to "Income tax".

"Other extra-ordinary items" consist of material one-off transactions aside from regular business activity of the Group. In HY 2021, extraordinary items consist of income on final adjustment of purchase price of investment property WLC acquired in business combination in 2017. In the first half of 2020, extraordinary items consist of gain on sale of investment properties. In the first half of 2022, extra-ordinary items consist of gain on release of accruals recognised in prior periods for the acquisition of SALZ 4 property.

"Total before foreign exchange movements" is determined as "Net profit for the period" excluding "Net foreign exchange (loss)/gain" and gives a measure of net profits free from the effect of fluctuations of foreign currencies.

"Loan-to-value" is determined as a division of "Total assets" by "Borrowings". This ratio gives understanding of the relative difference between the EPH's debt amount and carrying amount of its assets at each reporting date.

"Market capitalization" represents EPH's market value at each reporting date and is determined as multiplication of market price per share and total number of outstanding ordinary shares excluding treasury shares, all taken at each reporting date.



GENERAL
INFORMATION

BOARD OF DIRECTORS

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Gustav Stenbolt
Michael Cuthbert
Tomasz Dukala
Hans Messmer
Annamaria Vassiliades

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(since June 2018)

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ISIN NUMBER

CY010 9992111

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Road Town, Tortola
British Virgin Islands (since January 2010)

TICKER SYMBOL

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