ANNUAL REPORT 2022

EPH EUROPEAN PROPERTY HOLDINGS

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DEAR SHAREHOLDERS

The past year 2022 confronted the entire real estate industry with major challenges that continue to persist. The impacts of the conflict in the Ukraine, high construction and energy costs, historic high of inflation, and, above all, the massive increases in interest rates since the summer of 2022 have significantly changed the market environment.

Furthermore, in the past financial year, we made an important strategic decision to strengthen the stability of our business development and the long-term performance of our portfolio. We decided, in the interest of our stakeholders, to sell the Russian portfolio. This marked the logical next step in the implementation of our strategy to focus on Western Europe and was accelerated in response to the conflict in Ukraine and the sanctions imposed on Russia. Our shareholders approved the sale of the Russian real estate portfolio, including its Cypriot and German holding companies, within the framework of a management buy-out, which was completed by April 2023.

We are more than pleased that continuing part of our company has demonstrated stability even in these times of difficult general conditions. For over 20 years, EPH has been active as a real estate investor and has proven to be a reliable and secure partner for its stakeholders, shareholders and tenants. And once again, our sensibility for market changes and the evolving needs of tenants is all the more important. As a long-term real estate investor, the creation of sustainable values, long-term capital preservation and stable risk-adjusted revenues are at the top of our company's agenda. We keep focussing on high-quality properties in strong economies in prime locations in Europe, such as Germany and Austria, and on highly professional asset management with strong local teams. These factors form a stable basis.

Since the sale of the Russian properties, our real estate portfolio consists of nine core assets with a total value of approximately EUR 895 million (as at 31 December 2022). The properties are located in prime locations in Vienna (Austria) and in four major markets in Germany (Berlin, Hamburg, Stuttgart and Dresden). All properties are let to tenants with strong credit ratings on long-term leases. Due to the quality of the properties and the professional asset management, the European properties performed above expectations in the reporting period and further increased their market value despite difficult market conditions.

As the closing of the sale of the Russian portfolio took place after the end of the reporting period, the Russian portfolio is still included in the financial figures as assets classified as held for sale in the statement of financial position and net profit from discontinued operations in the statement of profit or loss. Net rental income from the European portfolio increased from 19.35 million in 2021 to 25.93 million in 2022. This increase is mainly caused by the fact that the properties QBC 1, 2 and 7 have started to generate full income after the expiry of the rent-free periods, first income has been received by newly refurbished LASS1 property and moderate rent indexation in other properties in Vienna and Germany.

For some years now, EPH has been increasingly focused on real estate in Europe. Due to the significant expansion of EPH's European real estate portfolio and the strategy to focus investments on major European cities, we relocated the EPH Group's headquarters to Cyprus, in February 2022 and changed the functional and reporting currency of the EPH Group's financial reports from US dollars (USD) to euros (EUR) with effect from 1 January 2022.

Apart from the that we have achieved another notable milestone in the reporting period: The refurbishment project LASS 1 in Vienna was only slightly delayed and construction work on the building was completed in 2022 and taken over from the general contractor in January 2023. Completion of the outdoor areas is scheduled for the first half of 2023. The property is located near the city centre of Vienna in the promising, up-and-coming 2nd district with excellent infrastructure and transport connections. It is part of Quartier Lassalle with a variety of restaurants and supermarkets in the immediate vicinity. On nine floors with a total area of almost 45,000 square metres, LASS 1 offers its tenants modern working space. Tenants include the Wiener Gesundheitsverbund ("Vienna Healthcare Group"), Wiener ArbeitnehmerInnen Förderungsfonds ("Vienna Employment Promotion Fund"), and ISS Austria, which has also taken over the facility management for the property.

Despite the challenging market situation, our high-quality as well as sustainable European portfolio and our strong asset management give us good reasons to be optimistic about the future development of EPH. We see a great demand for modern, sustainable and centrally located space in our target markets, especially in the office asset class in strong economic regions such as Vienna and Germany. The hotel segment also continues to offer very good potential, provided that the properties are in excellent locations and operated by large hotel chains – such as our hotels in Berlin and Dresden. At the same time, the supply of real estate product is very limited, and rising construction and financing costs can in turn have a positive effect on the market value for existing projects and properties if the fundamentals are right.

Furthermore, our high-quality properties satisfy high standards in terms of sustainability, as confirmed by their numerous Green Building Certifications and low carbon footprints. This means that our portfolio meets a great demand for sustainable real estate space which will increase even further in future. Seven out of eight office and hotel buildings of our portfolio have certificates in DGNB Platinum, DGNB Gold, or LEED Gold. For potential future acquisitions, we are targeting green building certification of at least "Gold". This will allow us to ensure the long-term stability in income and value growth of our portfolio.

In this report, we have integrated a section on our ESG strategy as well as on our sustainability measures to make our approach transparent. Our objectives also include, for example, improving the dataset and implementing annual re-evaluations of the corporate carbon footprint calculation, the central data monitoring and the renewable energy potentials of our buildings. We would like to thank all our shareholders for the trust they continue to place in our company, and our business partners for their exceptional collaboration.

Sincerely,

The Board of Directors

26 April 2023

MANAGEMENT
REPORT

The following is a discussion of the key factors influencing our 2022 results and our financial condition at the end of the year.

KEY PERFORMANCE INDICATORS

in EUR	31.12.2022	31.12.2021	31.12.2020
Continuing operations			
Net rental income	25,933,809	19,354,371	14,128,718
Management fees	−1,579,975	−1,439,103	−1,053,558
Administrative expenses	−2,703,935	−2,007,072	−1,880,572
Net other operating income / (expenses)	993,308	−352,701	−96,401
Operating Income	**22,643,207**	**15,555,495**	**11,098,187**
Finance costs	−16,341,003	−20,815,374	−19,168,473
Current tax expense	−139,459	−48,997	−5,496
Earnings from operational activity	**6,162,745**	**−5,308,876**	**−8,075,782**
Earnings from operational activity per share	**0.43**	**−0.37**	**−0.81**
Revaluation of investment properties	29,679,933	34,634,925	−18,447,299
Deferred tax (expense) / benefit	−3,458,071	−7,301,608	13,463,800
Other extraordinary items	43,382	2,151,094	−3,611,144
Total before foreign exchange movements	**32,427,989**	**24,175,535**	**−16,670,425**
Net foreign exchange (loss)/gain	−5,833,013	−22,283,910	11,372,413
Net profit / (loss) for the year before result of discontinued operations and impairment loss on loans	**26,594,976**	**1,891,625**	**−5,298,012**
Discontinued operations			
Net profit from discountinued operations (attributable to equity holders of the Company)	3,129,044	7,584,622	28,496,728
Impairment of receivables related to the assets sold	−22,603,519	–	–
Result of discontinued operations and impairment of related receivables	**−19,474,475**	**7,584,622**	**28,496,728**
Total net profit for the year	**7,120,501**	**9,476,247**	**23,198,716**

		as of	
	31.12.2022	31.12.2021	31.12.2020
Number of investment properties in Europe	9	9	9
Fair value of investment properties	895,119,207	843,108,577	775,015,775
Total Assets (31.12.2022: excluding assets classified as held for sale)	1,159,759,414	1,566,462,809	1,502,282,671
Borrowings	592,885,395	933,758,626	907,033,024
Loan-to-value	**51%**	**60%**	**60%**

For a reconciliation of non-IFRS measures see “Supplemental Reconciliations and Definitions” in Note 26

OVERVIEW

EPH European Property Holdings Plc ("EPH PLC", the "Company") is a real estate investment and development company with focus on European's core business hubs. Prior to 2016, the Company's operating activities were concentrated in Russia. Since that the Company changed its investment focus to Western Europe by acquiring two offices and two hotel properties in Germany and four office properties and a parking garage in Vienna of which one consist of two connected office buildings and a parking garage. In 2022 the Company made a strategic decision to strengthen the stability of its business development by selling the Russian portfolio within the framework of a management buyout.

The corporate and asset management of the Company is provided by Valartis Group AG and its subsidiaries. Valartis Group supports, among others, property acquisitions, project developments, debt financing of the Company's assets, administration, investor relations, financial services and the property management itself. Valartis Group AG is also listed on the SIX Swiss Stock Exchange.

As of 31 December 2022, EPH had total assets of EUR 1,706.31 million, including the assets held for sale of EUR 546.55 million (2021: EUR 1,566.46 million) and net assets (calculated as total equity) of EUR 526.56 million (2021: EUR 474.51 million).

In the twelve months ended at 31 December 2022 the Company is reporting a profit of EUR 7.12 million, compared to a profit of US$ 9.48 million for the year ended at 31 December 2021.

The results of the Company's operations are affected by certain factors relating to our business and the markets in which we operate, as well as the political, economic and legal environment. Many of these factors are outside our ability to control or influence.

Following the decision to sell the Russian portfolio, management classified assets and liabilities that constitute the Russian portfolio as a disposal group (discontinued operation). The items of profit or loss of the discontinued operations are presented as a single amount in the statement of profit or loss. The operational results of the Company shown as continuing operations include the performance of the European portfolio.

With the disposal of the Russian portfolio the Company's net earnings become less volatile as a result of exchange rate fluctuations, although revaluation of investment properties held at fair value may continue affecting the Company's financial results.

From an operating standpoint, the Company's income-generating properties continue to demonstrate stable profitability and generate sufficient cash to cover the Company's operating expenses, including payment of interest on the bonds issued by the Company and on the bank loans - also due to the high quality of the portfolio.

RESULTS OF OPERATIONS

CONTINUING OPERATIONS

Earnings from Operational Activity

In 2022 the result from the Company's operational activity in Europe improved: the Company's operating income before finance costs and taxation is EUR 22.64 million in 2022 as compared to EUR 15.56 million in 2021 – mainly due to the fact that the properties QBC 1, 2 and 7 have started to generate full income after the expiry of the rent-free periods, first income has been received by newly refurbished LASS1 property as well as moderate rent indexation in other properties in Vienna and Germany.

Net rental income

The Company's net rental income from European properties increased from EUR 19.35 million in 2021 to EUR 25.93 million in 2022 (see note 14). This includes increase of income from QBC 1, 2 and 7 properties by EUR 4.12 million and first income from LASS 1 of EUR 0.35 million

Management fees

Management fees related to European properties and corporate management increased slightly from EUR 1.44 million in 2021 to EUR 1.58 million in 2022.

Administrative expenses

Professional and administration fees, which include legal advice, audit, appraisals and costs for other services for the Company and its subsidiaries as well as remuneration of Board of Directors increased from EUR 2.01 million in 2021 to EUR 2.70 million in 2022.

Finance costs

Our finance costs decreased from EUR 20.82 million in 2021 to EUR 16.34 million in 2022. The decrease was caused by a reduction of interest rates on the bonds from 1 April 2022 from 5.5-7.25% down to 2-2.25%.

Current income tax expense

Current income tax expense in 2021 and in 2022 represents mainly the current income tax payable by sub-holding companies in Cyprus, as German and Austrian entities use tax losses carried forward from the previous periods. The amounts are insignificant: EUR 0.05 million in 2021 and EUR 0.14 million in 2022.

NON-CASH GENERATING INCOME/(EXPENSES)

Valuation movements

Current income tax expense in 2021 and in 2022 represents mainly the current income tax payable by sub-holding companies in Cyprus, as German and Austrian entities use tax losses carried forward from the previous periods. The amounts are insignificant: EUR 0.05 million in 2021 and EUR 0.14 million in 2022.

The gain from fair value adjustment mainly relates to the Austrian properties and is caused primarily by substantial rent indexation as a result of high inflation which overlap the negative impact of slight increase of discount and capitalization rates. For German office properties the effect from rent indexation was to a large extent eliminated due to the temporarily rent decline as a result of tenants rotation.

Deferred tax expense

Deferred tax expense is recognized on the difference between fair values and tax values of the Company's investment properties. In 2022 the Company recognized deferred tax expenses of EUR 3.46 million as compared to deferred tax expense of EUR 7.30 million recognized in 2021.

Other extraordinary items

In 2021, extraordinary items include income from the adjustment of the final purchase price of WLC property agreed with the former owners. The property was acquired in 2017. In 2022 other extraordinary items are immaterial.

Net foreign exchange gain/loss

The functional currency of each company corresponds to the primary economic environment where the company operates, and is used for accounting purposes. The holding company EPH European Property Holdings PLC which functional currency was changed from US$ to EUR in 2022 has certain assets and liabilities denominated in US$ which are revalued at each balance sheet date and create unrealized exchange rate gains or losses. Foreign exchange loss of EUR 5.83 million incurred in 2022 mainly relates to loan receivables from Redhill Investment Ltd. (a subsidiary which was sold in 2022) denominated in US$. In 2021, the functional currency of EPH PLC was US$ and net foreign loss of EUR 22.28 million was recognized with respect to revaluation of the Company's assets and liabilities denominated in EUR.

DISCONTINUED OPERATIONS

Net profit from discontinued operations includes the net profit for the performance of the Russian portfolio of EUR 3.13 million in 2022. Net profit of the Russian portfolio in 2021 amounted EUR 7.58 million.

In December 2022 the Group sold its subsidiary Redhill Investment Ltd., a Cyprus company owning two mixed-use properties in Moscow, to a third party owned by the Russian management. Upon such sale, the Company recognized loan receivables from this former subsidiary which previously were eliminated in consolidated accounts. The Group assesses the fair value of these loans in the amount equal to the net asset value of the subsidiary. The respective impairment loss of EUR 22.60 million was recognized as a part of continued operations in the statement of profit or loss (as the respective receivables remain in the balance sheet of the Group) but in fact relates to the disposal of the Russian portfolio. Therefore, for the KPI analysis this loss was attributable to the discontinued operations.

EPH EUROPEAN PROPERTY HOLDINGS

EPH PORTFOLIO

CORE AND CORE PLUS COMMERCIAL REAL ESTATE PORTFOLIO

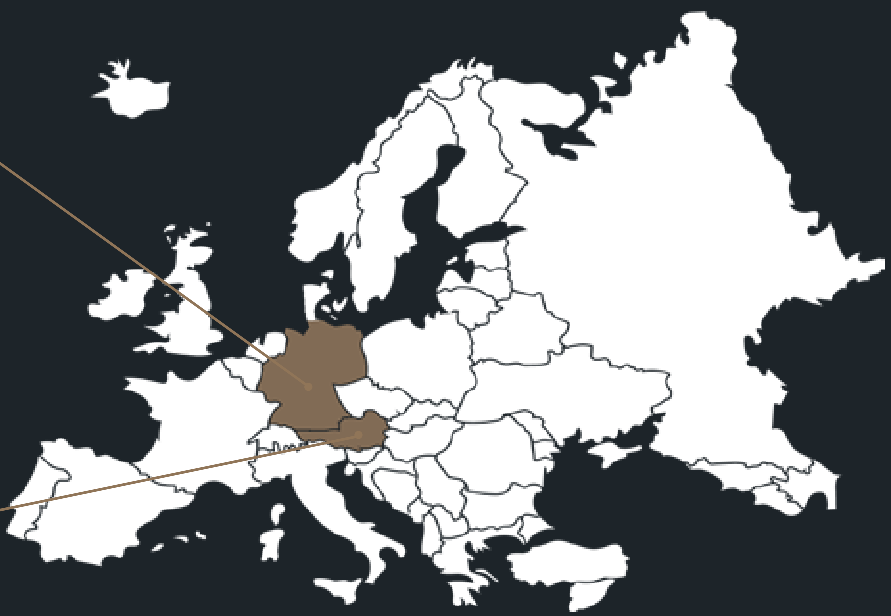
EPH holds a core/ core plus commercial real estate portfolio in excellent locations across Europe, which is the base of stable values and income. The majority of our portfolio consists of prestigious office properties. In this way, we take advantage of the high demand for modern spaces in premium locations. Over the past few years, we have greatly expanded our portfolio in Western Europe. It currently consists of core assets in outstanding locations in Germany's Top Cities and Vienna. As the Russian protfolio was disposed on 19 April 2023, this section only shows the Western European properties.

CORE ASSETS IN WESTERN EUROPE

GERMANY

OFFICE/HOTELS

- Stuttgart
- Hamburg
- Berlin
- Dresden



AUSTRIA

OFFICE

- Vienna

20 YEARS
investing in real estate

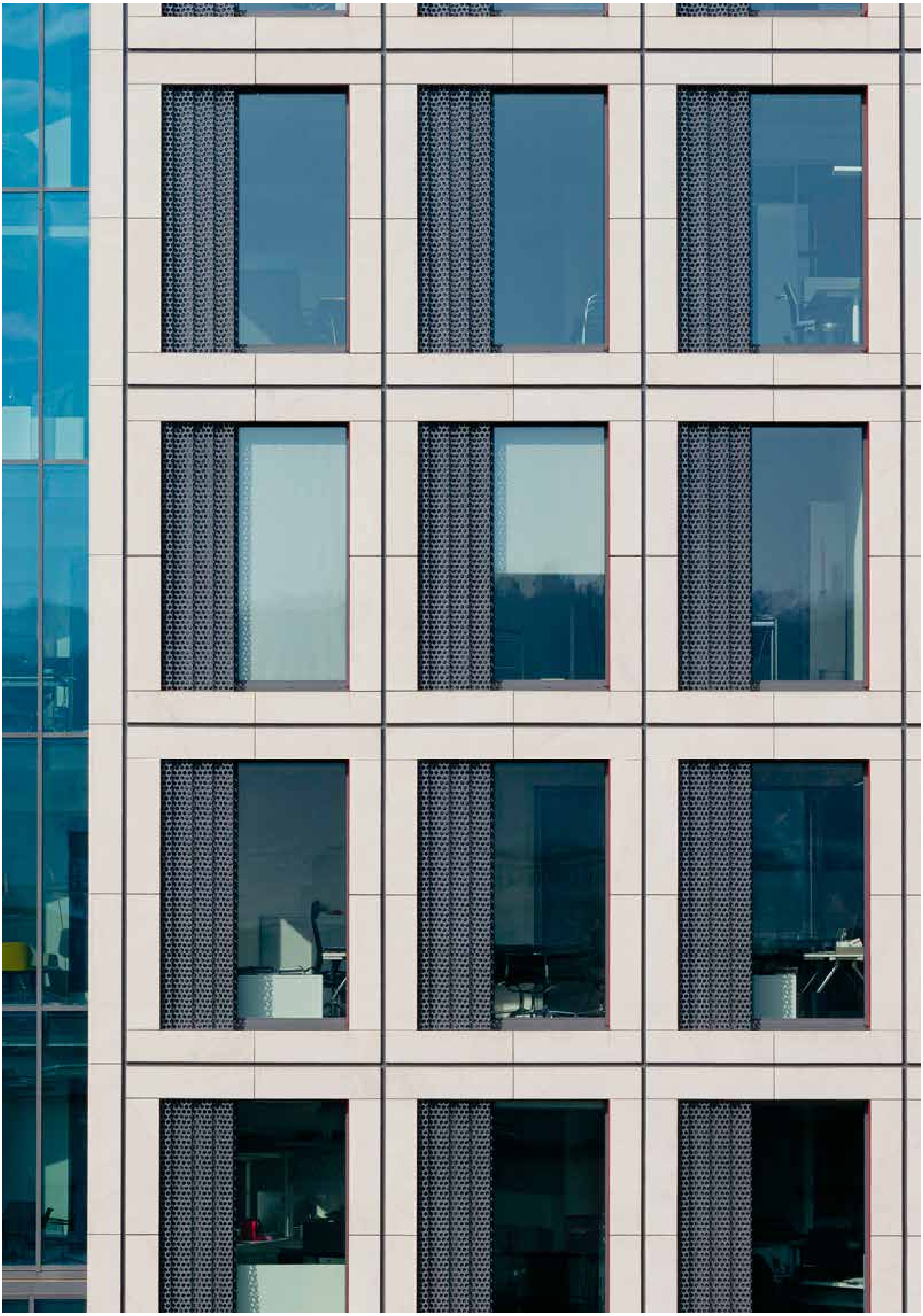
CORE ASSETS
in prime European markets

OFFICE & HOTEL
properties in investment focus

STRONG INTER-NATIONAL TENANTS
with long-term lease agree-ments

ACTIVE ASSET MANAGEMENT
as a basis for stable return

HIGH SUSTAINABILITY STANDARD
through high-quality buildings



LASS 1

AUSTRIA / VIENNA COUNTRY / CITY	OFFICE ASSET CLASS
44,800 BUILDING AREA	0.0% VACANCY RATE
29,000 RENTABLE AREA	1993/2022 YEAR OF CONSTRUCTION
100% OWNERSHIP	EUR 151,940,000 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 56,120,000 APPRAISED VALUE

QBC 2

AUSTRIA / VIENNA COUNTRY / CITY	OFFICE ASSET CLASS
30,600 BUILDING AREA	0.0% VACANCY RATE
30,100 RENTABLE AREA	2020 YEAR OF CONSTRUCTION
100% OWNERSHIP	EUR 187,040,000 APPRAISED VALUE

QBC 4

AUSTRIA / VIENNA COUNTRY / CITY	OFFICE ASSET CLASS
20,000 BUILDING AREA	0.0% VACANCY RATE
17,400 RENTABLE AREA	2019 YEAR OF CONSTRUCTION
100% OWNERSHIP	EUR 113,800,000 APPRAISED VALUE

QBC 7

AUSTRIA / VIENNA COUNTRY / CITY	PARKING ASSET CLASS
680 PARKING LOTS	2020 YEAR OF CONSTRUCTION
100% OWNERSHIP	EUR 21,200,000 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 49,500,000 APPRAISED VALUE

STRAL 3

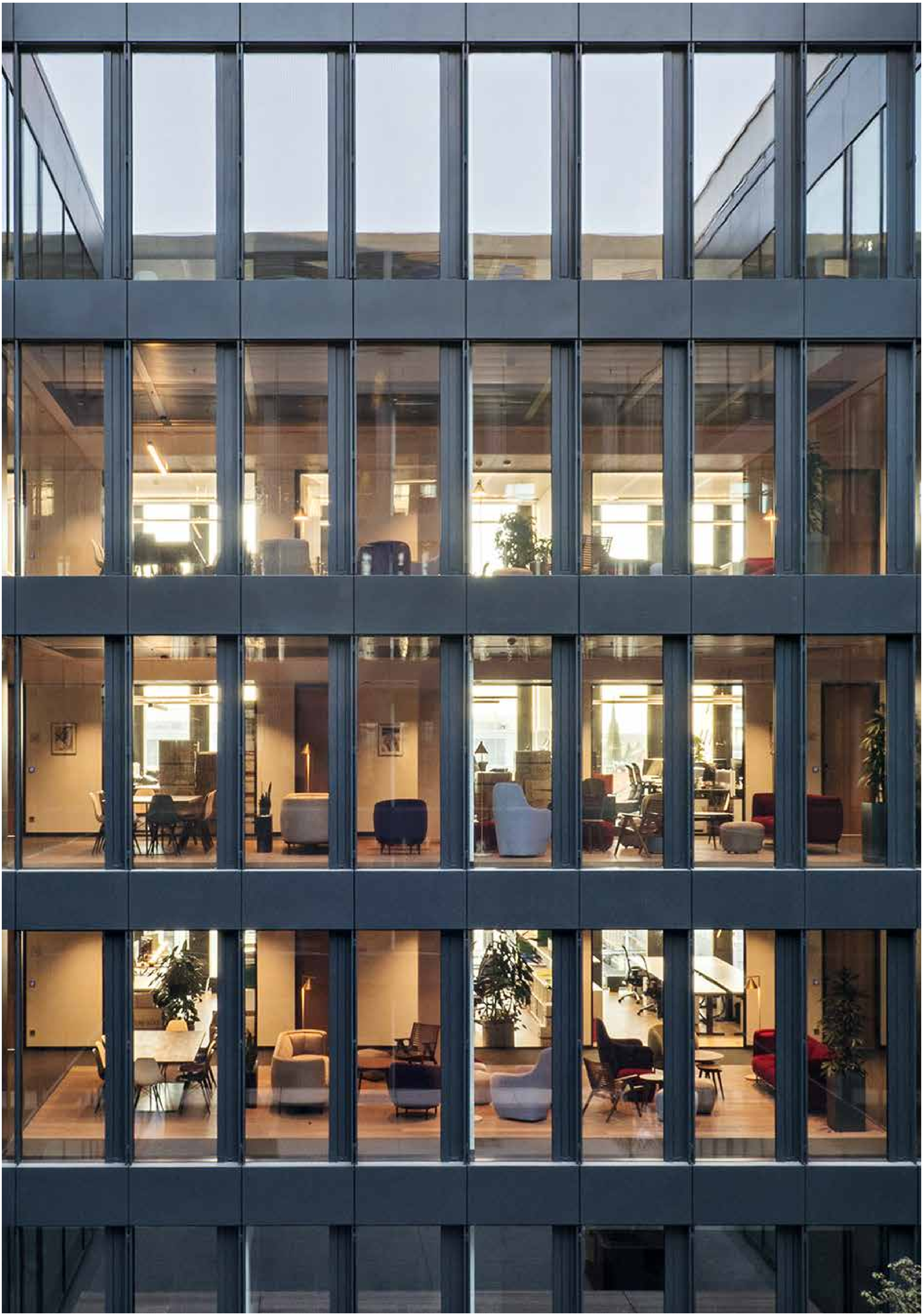
GERMANY / BERLIN COUNTRY / CITY	HOTEL ASSET CLASS
28,000 BUILDING AREA	0.0% VACANCY RATE
304 ROOMS	2010 YEAR OF CONSTRUCTION
89.9% OWNERSHIP	EUR 94,900,000 APPRAISED VALUE

WORK LIFE CENTER

GERMANY / HAMBURG COUNTRY / CITY	OFFICE ASSET CLASS
12,100 BUILDING AREA	26.6% VACANCY RATE
12,000 RENTABLE AREA	2017 YEAR OF CONSTRUCTION
94% OWNERSHIP	EUR 91,700,000 APPRAISED VALUE

CITY GATE

GERMANY / STUTTGART COUNTRY / CITY	OFFICE ASSET CLASS
26,500 BUILDING AREA	0.0% VACANCY RATE
17,200 RENTABLE AREA	2016 YEAR OF CONSTRUCTION
94% OWNERSHIP	EUR 132,300,000 APPRAISED VALUE



INTERVIEW WITH

Tomasz Dukala,
born 1974, Polish

Executive Board Member
(since April 2013)

"Real estate markets faced major challenges in 2022. Will the situation be any better in 2023?"

The current market situation is being fuelled by global events that have been causing problems for months and will continue to do so. Hot on the heels of the corona pandemic, real estate markets were challenged by interest rate hikes as well as the repercussions of the war in Ukraine, supply chain disruptions, sharp rises in energy and construction prices, and soaring inflation, which had rocketed to 10.6 per cent by October 2022, the highest level ever recorded in the eurozone. In January 2023, inflation was still running at 8.6 per cent, compared with 5.1 per cent a year earlier. In 2023, high interest rates and elevated financing costs will continue to put a drag on the markets, as will uncertain price developments. The European Central Bank has been reacting to the high inflation rate with interest rate hikes for months and is likely to continue doing so until inflation comes down significantly. This, of course, continues to have an impact on European real estate markets and has caused investors to react with caution.

As soon as interest rates stabilise, which will give investors a greater degree of certainty in their planning, the market will recover much of the dynamism. Experts and experienced market observers are optimistic that the market will pick up noticeably in the second half of 2023, but latest beginning of 2024. But even now, before the market rediscovers its equilibrium, I think it would be a major mistake to remain stuck in a state of paralysis. After all, there are a number of interesting opportunities for the owners of a portfolio with stable long-term cash flow profile, as long as they sound out the market carefully.

"What are the prerequisites for taking advantage of these opportunities?"

Having a deep understanding of the market is now more important than ever before. Property is no longer a sure-fire winner with an almost certain guarantee of attractive returns. The success of an investment is increasingly a matter of location, micro market factors, and the quality of the individual asset. Investors need expertise, a feel for shifts in the market and a clear investment strategy. Core assets are moving back into focus. If you can assess the quality of the property and location, focus on asset classes and tenants with a future, and have sufficient liquidity, 2023 can be a good year to implement a targeted strategy to expand your portfolio. Because, as the market normalises, we will also see a return to prior market-cycle dynamics: prices may well ease slightly in 2023, although they will bounce back again as demand remains high and is still climbing in numerous segments.

"Do you also see investment opportunities at the moment?"

Despite the tougher market, there are also ample opportunities in the real estate market right now, especially in the European premium office segment. In 2022, for example, we saw stable demand for office space in Germany and Austria – two of our main target markets. Vienna in particular is very well positioned in the office segment due to its relatively low vacancy rate. Major cities across Europe are still highly attractive, especially as demand for commercial space is set to remain strong. What's more, immigration – both from small to large cities and from outside Europe into the EU – means that demand will remain high for the foreseeable future. In addition, the widespread use of index-linked lease in the commercial real estate sector creates the potential for significant rental growth. At the same time, rising construction and financing costs will also lead to an undersupply of modern office space in prime locations. In turn, and in combination with the increasing importance of ESG, this means that a fair number of new and exciting investment opportunities are sure to be created. After all, sustainability is an increasingly important factor for both investors and users. There are also good opportunities in the hotel segment, where tourist and city hotels in particular can benefit from the resurgence in tourism.

"Is the current environment not an obstacle to investment?"

Investors with a high level of liquidity are well-positioned to acquire interesting properties when prices fall, as we are seeing at the moment. For years, real estate prices have only headed in one direction: up. If a property has the right fundamentals, price declines create investment opportunities. The Association of German Pfandbrief Banks (vdp), for example, recorded the first quarter-on-quarter decline in the property price index in eleven years – of 1.0 per cent in the third quarter of 2022. That was followed by a 2.0 per cent fall in the final quarter of 2022 compared to the previous quarter. According to the vdp, prices for office properties also fell – by 2.4 per cent in the fourth quarter of 2022 compared to the third quarter, and by 2.6 per cent compared to the same quarter of the previous year.

The most important factor is that the demand side remains stable. And this is certainly the case for modern properties in central locations that are ideally suited to modern work concepts and fulfil key sustainability criteria. According to the vdp, new rents in the office sector in Germany, for example, actually increased by 5.4 per cent in the fourth quarter compared to the same prior-year period. The office property market in Austria, especially in Vienna, also developed very positively in 2022 with low vacancy rates and rising rents.

"What is the situation with hotel real estate? Is it currently worth investing in this segment as well?"

Investments in hotel real estate, especially in Germany, can make sense right now as a supplement to real estate portfolios with long-term appreciation prospects. The hotel segment is certainly one

"A deep understanding of the market is now more important than ever"

among the hardest hit by the coronavirus pandemic. High energy and food prices, as well as a shortage of qualified staff at reasonable wages, continue to challenge the sector. But developments over the last few months certainly give cause for optimism – for example, due to the steady increase in overnight stays. The Federal Statistical Office (Destatis) recorded 450.8 million overnight stays in 2022, an increase of 45.3 per cent over 2021. In December 2022, the number of overnight stays was 57 per cent higher than in December 2021, despite the impact of corona-related restrictions. Not only did the number of overnight stays by domestic guests increase significantly in 2022, by around 37 per cent to 382.7 million, the number of overnight stays by foreign guests more than doubled to 68.1 million compared to 2021.

"What do Investors need to look out for in hotel investments?"

Structurally, hotels do not have a problem. In particular, hotels that are geared towards domestic tourism and are in very good locations have held up quite well during the pandemic. In the case of our hotels in Berlin and Dresden, for example, their prime locations clearly pay off – as does the fact that both properties are let on a long-term basis to renowned operators. In general, it is important to look at the details – the quality of the property, the operator, and the concept. It also makes a great deal of sense to avoid being too dependent on a limited number of target groups. Concepts need to be examined particularly closely. Hotel investments are the opposite of a sure thing. However, if you do your due diligence, you can take advantage of some very interesting investment opportunities. In terms of space utilisation and long-term portfolio value growth, high-quality properties at attractive locations in metropolitan areas naturally have advantages. On top of all that, leasing your hotel assets to operators with strong credit ratings and a wealth of experience also significantly minimises the risk phase. Even exogenous shocks will not be able to throw you off course so quickly, because you simply have options for action. And you also have more options if the fundamentals of a property are right, i.e. a high-grade property in a prime location, and if the entire portfolio is well diversified to ensure long-term capital preservation and generate a stable, regular and risk-adjusted return. And, as we have seen, crises that we are facing has made this crystal clear to both real estate investors and asset managers

"What other trends do you see in the hotel segment?"

It is particularly striking just how much people generally value holidays – and not only Germans, who are desperate to go travelling again after three years of pandemic. Alongside a growing interest in short-break holidays, we also see a lot of potential in the new generation of travellers. There are the “digital natives”, for example, who want to combine vacation and work by taking a “workation”. ESG benefits could also play well with the hotel segment’s domestic business customers. Business travellers who want to reduce the number of flights they take and are looking to optimise their schedules could well spend more time in their favourite hotels and increase the number of overnight stays. Travellers who use the train often have to make allowances for longer journeys. If they have scheduled an appointment for early in the morning, they probably need to arrive in the evening and spend the night in a hotel.

"How does active asset management help you weather a crisis? Do you even have any room to manoeuvre?"

Active asset management, as we have been implementing with Valartis for years, is an extremely important factor in any successful real estate investment, especially in a changing market environment. And this is precisely where the professionalism and experience of an asset manager come into play. When a crisis hits, it is more important than ever before to be in close contact with your tenants and to have a keen feeling for shifts in the market if you want to react quickly and effectively – to both minimise tenant churn and let new space, which should of course be aligned to tenants’ wants and needs. Asset management also plays a major role in implementing ESG requirements, not only to offer tenants a higher level of comfort, but also to cut operating costs and streamline reporting processes. The importance of being proactive in the operation of a property should not be underestimated. Property managers who have succeeded in concluding long-term supply contracts for electricity and heating are, for example, at a distinct advantage when energy prices rise. And it goes without saying that tenants also appreciate stable service charges.

"Is expansion still on your agenda?"

We have already made good progress with the expansion of our property portfolio in Europe. Just recently, we completed the refurbishment of a centrally located office property in Vienna, LASS 1, with a total area of almost 45,000 square metres. We conduct regular reviews of the market to identify attractive opportunities, and do so as a long-term investor. Stable revenues and the long-term performance of our portfolio are our top priorities, not hasty transactions. Having said this, we do continue to see great potential in our target markets. These markets have proved to be very stable despite the lockdown measures and temporary environment of restraint.

BOARD OF DIRECTORS

Michael Cuthbert,
born 1956, English

Non-Executive Member
(since April 2013)

Mr. Michael Cuthbert is a corporate strategy consultant and advisor having previously worked for two of the leading law firms in London, Slaughter and May and subsequently Clifford Chance. He was a partner of Clifford Chance for almost 24 years and was one of its the Regional Managing Partners and a member of its global management committee.

Tomasz Dukala,
born 1974, Polish

Executive Member
(since April 2013)

Mr. Tomasz Dukala is an entrepreneur and board member in several commercial real estate organisations. He leads EPH's transaction team and supports acquisitions and funding strategies. From 2007 to 2011 he worked at Morgan Stanley, Real Estate Investment Banking Division as a Senior Coverage Officer across territories in Europe. Before that Mr. Dukala served as a National Director at Jones Lang LaSalle Capital Markets Department. He started his career at PricewaterhouseCoopers Corporate Finance Department. Mr. Dukala is a CFA charter holder.

Olga Melnikova,
born 1968, Russian

Executive Member
(since April 2013)

Management Committee
Member
(since September 2013)

Mrs. Olga Melnikova is Chairman of the Board of Directors of EPH PLC and specializes in strategic planning of legal support through internal legal experts and external advisers in local and international legal environments. Besides, she provides legal support and structuring for real estate transactions in Russia and Europe. Mrs. Melnikova graduated from Moscow State University of Railway Engineering in 1991 with a degree in Engineering and Mathematics.

Gustav Stenbolt,
born 1957, Norwegian

Executive Member
(since March 2003)

Mr. Gustav Stenbolt is Chairman of the Board of Directors of Swiss listed Valartis Group and was Group CEO from 2007 to 2015. From 2004 to 2007, he was Chief Executive Officer of Jelmoli Holding AG. In 1996 Mr. Stenbolt founded MCT Group, one of the predecessors of Valartis Group, offering institutional asset management services focused on Eastern Europe and the CIS countries. From 2004 to 2007 he was president of the executive committee of Jelmoli Holding AG, by then one of the leading department stores and real estate companies in Switzerland. Gustav Stenbolt graduated from the University of Fribourg, Switzerland with a degree in Economics.

Hans Messmer,
born 1955, German

Non-Executive Member
(since April 2013)

Management Committee
Member
(until February 2022)

RESIGNED APRIL 2023

Mr. Hans Messmer is an independent director with expertise in international banking and financing. Until June 2019 he was CIO of CAIAC Fund Management AG in Liechtenstein. Before joining CAIAC, he held management functions in various asset management companies and acted as head of business development at Baader Bank (Munich) for exchange traded products. Prior to that, he was partner and manager for CK Trading Bank (Frankfurt) and director for several public funds. During his career he qualified as Investment Specialist for Structured Products, Hedge Fund Advisor and Commodity Advisor. He holds a MBA of Johann Wolfgang Goethe University Frankfurt specialised in Banking and Insurance.

Hans Messmer has resigned as a Board Member on 19th April 2023.

Annamaria Vassiliades,
born 1987, Cypriot

Executive Member
(June 2020 - April 2023)

Management Committee
Member
(June 2020 - April 2023)

RESIGNED APRIL 2023

Mrs. Annamaria Vassiliades is a lawyer with a dual qualification as a Solicitor of England & Wales and a Cypriot Advocate. She has expertise in International Tax Planning, M&A and commercial transactions. At the end of 2015, she joined CHRISTODOULOS G. VASSILIADES & CO. LLC currently in the position as Associate Director leading the firm's corporate teams and supporting the Board of Directors in firm management and business development.She holds a Masters degree from the University College London in International Business Law and admitted to the Roll of Solicitors of England and Wales in 2015.

Annamaria Vassiliades has resigned as a Board Member on 13th April 2023.

MANAGEMENT COMMITTEE

Vera Christodoulou,
Cypriot

Management Committee
Member
(since April 2015)

Mrs. Vera Christodoulou is Managing Director and Board Member of several subsidiaries of EPH. She is specialized in corporate governance, operations and communications. She has over 20 years of professional experience in client relations, business development, compliance and communications. Mrs. Christodoulou worked in various management positions for Linebrook limited, Eurasia Capital, Mars Capital and DCS Group in Cyprus. Mrs. Christodoulou graduated from the University of Lwivska Polytechnika Ukraine in 1989 with a masters degree in System Engineering.

Olga Melnikova,
Russian

Management Committee
Member
(since September 2013)

Member of the Board
(since April 2013)

Mrs. Olga Melnikova is Chairman of the Board of Directors of EPH PLC and specializes in the strategic planning of legal support through internal legal experts and external advisers in local and international legal environments. Besides, she provides legal support and structuring for real estate transactions in Russia and Europe. Mrs. Melnikova graduated from Moscow State University of Railway Engineering in 1991 with a degree in Engineering and Mathematics.

Marios Phedonos
Cypriot

Management Committee
Member
(since February 2022)

Mr. Marios Phedonos is a Director at IIntertaxaudit Auditors & Consultants Limited, member of Russell Bedford International. He has an extensive knowledge of the IFRSs and ISAs specialised on financial audits of international clients, business consulting services and strategic planning. He holds a degree in Accounting from the European University Cyprus and recently obtained the Advance Certification from the Cyprus Securities and Exchange Commission (CySec). Marios Phedonos is a Fellow Member of the Association of Chartered Certified Accountants (ACCA) and a member of the Institute of Certified Public Accountants of Cyprus (ICPAC).

Christina Spyrou-Katras
Cypriot

Management Committee Member
(since February 2022)

Mrs. Christina Spyrou-Katras is Director at Valartis Group. She is specialised in client relations and administrations working for Valartis and EPH since 18 years.Christina Spyrou-Katras was Branch Manager of Marcuard Cook & Cie S.A handling the administration for the client's accounts. She moved to Cyprus in 1997 after she had left Goldman Sachs in Toronto, Canada. She holds a degree in Computer Programming from Centennial College (Toronto,Canada).

Annamaria Vassiliades,
Cypriot

Management Committee Member
(June 2020 - April 2023)

Member of the Board
(June 2020 - April 2023)

RESIGNED APRIL 2023

Mrs. Annamaria Vassiliades is a lawyer with a dual qualification as a Solicitor of England & Wales and a Cypriot Advocate. She has expertise in International Tax Planning, M&A and commercial transactions. At the end of 2015, she joined CHRISTODOULOS G. VASSILIADES & CO. LLC currently in the position as Associate Director leading the firm's corporate teams and supporting the Board of Directors in firm management and business development.She holds a Masters degree from the University College London in International Business Law and admitted to the Roll of Solicitors of England and Wales in 2015.

Annamaria Vassiliades has resigned as a Management Committee Member on 13th April 2023.


OG5

SUSTAINABILITY
REPORT


BDO

SUSTAINABILITY REPORT

EPH European Property Holdings stands for premium quality real estate. While ensuring long-term capital preservation, EPH recognises the importance of protecting nature and promoting people's well-being. Although sustainability aspects of EPH's property portfolio have also in the past been considered a relevant factor for quality, in 2022, EPH has taken a step further and has examined sustainibility in the Group and, specifically, of its real estate portfolio. As a result, EPH has developed a sustainability strategy to internalise values and integrate sustainability into the Company's business practices, especially into its core business of acquiring and owning high quality real estate. At the corporate level, the strategy is guided by the ESRS (European Sustainability Reporting Standards). At the property level it is guided by the 1.5°C Paris agreement, via the real estate decarbonisation standard CRREM and the Science Based Target initiative (SBTi). The strategy is built around three key pillars: Environment, Social, and Governance (ESG). For each pillar, long-term ambitions, as well as specific targets have been set:

ENVIRONMENT

EPH'S AMBITION IS TO CONTRIBUTE TO CLIMATE CHANGE MITIGATION AND ADAPTION; REDUCE RESOURCE USE AND IMPROVE POSITIVE IMPACTS ON NATURE.

- Minimize greenhouse gas emissions by increasing energy efficiency and the use of renewable energies
- Consider climate risks and improve climate change adaption
- Reduce use of water resources and contribute to circular economy
- Measures for pollution control and increased biodiversity

SOCIAL

EPH'S AMBITION IS TO MAXIMISE ITS POSITIVE SOCIAL IMPACTS BY FOSTERING STRONG RELATIONSHIPS WITH ITS TENANTS, EMPLOYEES AND BUILDING USERS.

- Ensure tenant satisfaction and awareness
- Assure employee health, well-being and equal treatment
- Provide healthy and comfortable conditions for building users

GOVERNANCE

EPH'S AMBITION IS TO IMPLEMENT THE ESG-STRATEGY FOR A SUSTAINABLE DEVELOPMENT ON CORPORATE AND PORTFOLIO LEVEL.

- Implement the ESG-Strategy and evaluate regularly.
- Evaluate on Green leases, Green Building Certifications and EU-Taxonomy assessments for buildings.

1 EUROPEAN SUSTAINABILITY REPORTING STANDARDS

The European Sustainability Reporting Standards (ESRS) are expected to be implemented as a reporting framework under the Corporate Sustainability Reporting Directive (CSRD) as a part of the European green deal.

The standards address governance in relation to sustainability topics and the definition of sustainability risks affecting the company, as well as the company's impact on society and environment (material topics analysis). There are sector-specific sustainability disclosure metrics defined and clustered in the main topics Environment, Social and Governance (ESG).

2 EPH ESG-STRATEGY FOUNDATIONS

It is essential that sustainability ambitions are realistic, transparent, and measurable. This is the only way to ensure that the sustainability strategy is followed in the long term.

To set up an ESG strategy, an interdisciplinary team was created together with the corporate management, asset management and external consultants.

The following key elements were addressed in the strategy definition process:

- Corporate, environment and real estate Portfolio analysis
- Material topics definition and prioritization
- Targets & Actions and Roadmap

Derived from that EPH has defined its ESG-Roadmap which provides an overview of all defined short-term and mid-term measures which are planned to be implemented in the years to come.

2.1 CORPORATION

Mission statement

EPH's main objective is to invest in high profile commercial real estate, taking a long-term view to ensure a stable revenue. This predominantly includes existing properties and development projects in Europe that provide capital appreciation and dividend income.

The high-quality properties also have high standards in terms of sustainability which is for example ensured by Green Building Certifications.

Code of conduct

EPHs existing code of conduct defines the principles governing the business activities of EPH and its subsidiaries, the members of the Board of Directors, Management Committee and employees of EPH and the Manager, Valartis International. Its purpose is to maintain high standards of business conduct and ethical behaviour and to prevent money laundering, the financing of terrorism and criminal activities along with corruption, by performing due diligence on potential partners or counterparties before entering into business relationships.

Employees working conditions and equal treatment

Since the employees are the cornerstone of the company, ensuring and improving working conditions and equal treatment are essential and also an important part of the ESG strategy. EPH has therefore decided to develop guidelines for working conditions that focus on the health, safety and equality of its employees and motivates its most impostant services providers to impose comparable standards.

Such guidelines shall focus on:

- Diversity, equal opportunities, staff retention
- Working hours and work-life balance, (Home office, Childcare,..)
- Fair employment contracts and renumeration (gender pay gap)
- Health care, safety and prevention

2.2 REAL ESTATE PORTFOLIO

The portfolio in Western Europe consists of 9 core assets in Germany's top cities as well as in Vienna.

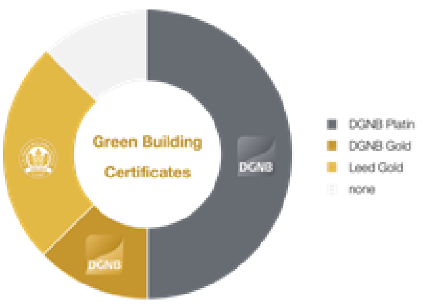
For the ESG-Strategy and portfolio analysis, all 9 assets are considered and analysed regarding green building certification, energy consumption, CO2 emissions and EU Taxonomy compliance.

Green Building Certifications

Seven out of the eight office and hotel buildings have existing certificates in DGNB Platin, DGNB Gold or LEED Gold. These certificates are an indicator for high quality and a certain level of sustainability at a property. For future acquisitions the target is a green building certification at least with level "Gold".

Greenhouse gas emissions and Carbon Risk Estimation

A Carbon Risk Estimation was performed for the portfolio (except QBC7/ Parking) to evaluate the current performance and future stranding risk regarding green house gas emissions. The analysis was based on available consumption data as well as estimations where no data was available.



Results stranding estimation:

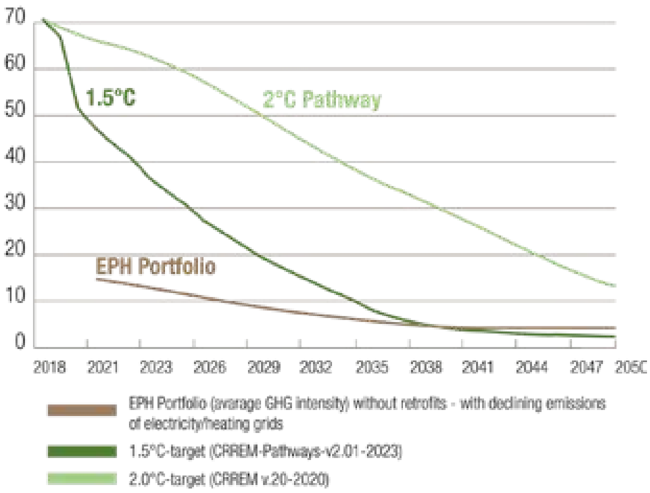
- Location-based & 1.5 °C pathway: no stranded assets until 2037
- Market-based (scenario green electricity): no stranded assets until 2047

Energy Efficiency and Data Management

A main target is to improve central data management of energy consumption data (electricity, heating, cooling). On a building level building automation and monitoring systems will be evaluated to optimize energy efficiency and data quality in all buildings.

Conclusion:

- Due to the high performance of the portfolio and low CO2E emissions there was no severe carbon risk identified within the next 10 years
- With green electricity contracts the stranding risk would further extend beyond 20 years
- It is the target to improve data quality and reevaluate carbon risks regulary

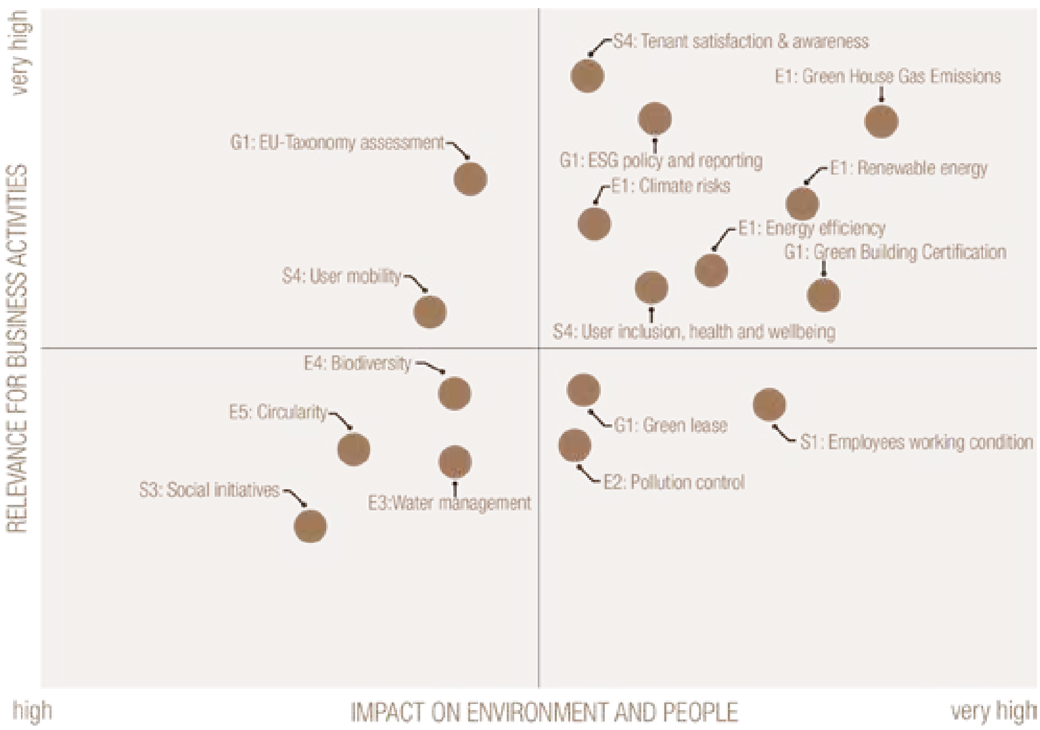


Drees & Sommer figure based on CRREM-Risk-Assessment-Tool-v1.20 & Global_Pathways-V2.01 (best estimate based on available data)

2.3 MATERIAL TOPICS

Performing a materiality assessment was the first step in the strategy definition process to identify the material impacts, risks, and opportunities to be addressed. Based on information extracted from the drafted European Sustainability Reporting Standards (ESRS) the assessment follows the double materiality principle. Therefore, on the one hand the impact materiality (impact on environment and people) and on the other hand the financial materiality (relevance for business activities) are taken into account.

The following material topics were defined based on the stakeholder analysis and the ESRS ESG clustering. In the next step the topics were prioritized based on the double materiality principle.



3 TARGETS & ACTIONS

3.1 ENVIRONMENT

EPH's ambition is to contribute to climate change mitigation and adaption; reduce resource use and improve positive impacts on nature based on the double materiality principle.

To achieve this target, EPH plans to

- evaluate central data monitoring by for corporate and building automation and data monitoring systems for properties
- improve data base for Corporate Property Carbon Footprint calculation
- evaluate existing green electricity contracts
- evaluate renewable energy potentials at existing buildings
- re evaluate on annual basis circular economy regulations, strategy and Corporate Property Carbon Footprint
- implement central data monitoring building automations
- evaluate on water use, biodiversity, waste management

3.2 SOCIAL

EPHs ambition is to maximise its positive social impacts by fostering strong relationships with its tenants, employees and building users.

To achieve its social ambitions EPH commits on:

- measures for increasing tenant satisfaction and awareness
- defining guidelines for employees working conditions
- evaluating possible social spaces and initiatives
- regular measures for tenant satisfaction and awareness
- evaluating on user mobility status quo and potentials

3.3 GOVERNANCE

EPH's ambition is to implement the ESG-Strategy for a sustainable development on corporate and portfolio level.

To achieve this target, EPH plans to:

- perform an EU Taxonomy assessment including climate risk assessments
- define criteria for new green leases
- re evaluating its ESG Strategy Criteria definition
- do CSRD/ESRS Reporting
- evaluating on Green building certification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CORPORATE GOVERNANCE

The Corporate Governance Report of EPH European Property Holdings PLC (until 7 February 2022 “EPH European Property Holdings Limited”) (“EPH” or “Company”) is based on the Corporate Governance Guidelines of the SIX Swiss Exchange that entered into force on 1 January 2023.

The Company redomiciled to Cyprus on 7 February 2022 and from this date continued as EPH European Property Holdings PLC with its registered address at Menandrou 12, Eliona Tower, Office 207, 1066 Nicosia, Cyprus. On 7 February 2022, the Company adopted new Memorandum and Articles of Association which can be found on EPH’s homepage (https://europeanpropertyholdings.com/). The Company continues to operate as a public company limited by shares registered in the Republic of Cyprus. As such, it has ceased to operate as a company in the British Virgin Islands. The Company’s issued shares are listed and traded on the SIX Swiss Exchange.

The Corporate Governance refers to the facts as of the balance sheet date (31 December 2022). Significant changes which have taken place between the balance sheet and the reporting date (30 April 2023) will be explicitly stated.

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1 GROUP STRUCTURE

EPH European Property Holdings PLC operates as a real estate holding company which owns its assets directly, or through subsidiaries. A list of significant companies showing the Company’s subsidiaries and otherwise affiliated companies, percentage ownership, and domiciliation can be found on pages 35 - 37 of the Annual Report. Information on segment reporting and further explanations can be found in the notes to the consolidated financial statements, Note 3.

The Board of Directors is responsible for the business affairs of the Company in accordance with the Company’s Memorandum and Articles of Association. The Board of Directors supervises the Company’s management and the activities of the Management Committee. The Board of Directors and the Management Committee are assisted in the management of the Company by Valartis International Limited, a wholly owned subsidiary of Valartis Group AG, and its subsidiaries (“Manager”). More information on the duties of each of the bodies can be found on pages 38 - 40 of this Corporate Governance Report.

The shares of the Company are traded on the SIX Swiss Exchange.
As of 31 December 2022, the Company’s market capitalization was EUR 432.27 million.

Symbol: EPH
Swiss security number: 117016316 (until 7 February 2022: 1673866)
ISIN number: CY0109992111 (until 7 February 2022: VGG290991014)

None of the Company's subsidiaries or holdings are listed companies.
Significant group companies fully consolidated in the financial statements of the Company are:

Full company name	Registered office	Issued Share Capital	Ownership %
Andorian Beteiligungsverwaltungs GmbH	Am Belvedere 4, 1100 Vienna, Austria	EUR 35,000	100% held by Lexworth Finance Limited
Asura Holding S.a.r.l.	23, rue des Jardiniers 835 Luxembourg, Luxembourg	EUR 1,012,000	100% held by EPH
Capital Estate Group (C.E.G.) Limited (sold in April 2023)	Menandrou 12, office 207, Eleona Tower, 1066 Nicosia, Cyprus	US$ 94,000 (94,000 ordinary shares, par US$ 1)	100% held by Lenbury Enterprises Limited
City Gate Stuttgart GmbH	Westendstrasse 28 60325 Frankfurt am Main, Germany	EUR 25,000	94% held by Ferran Limited
Connecta Beratungsgesellschaft im Ost-West-Wirtschaftsverkehr mbH (sold in April 2023)	Herzog-Heinrich-Strasse 22, 80336 Munich, Germany	DM 50,000	100% held by Lenbury Enterprises Limited
Connecta Beratungsgesellschaft im Ost-West-Wirtschaftsverkehr mbH&Co. Erste Grundstücks KG (sold in April 2023)	Herzog-Heinrich-Strasse 22, 80336 Munich, Germany	EUR 8,757,044.81	100% held by Lenbury Enterprises Limited
EPH One, LLC (sold in April 2023)	5 Petrovka St., 107031 Moscow, Russia	RUB 10,000	100% held by Lenbury Enterprises Limited
EPH Real Estate Limited (sold in April 2023)	Menandrou 12, office 207, Eleona Tower, 1066 Nicosia, Cyprus	EUR 17,100	99.99% held by Lenbury Enterprises Limited and 0.01% held by Capital Estate Group (C.E.G.) Limited.
Ferran Limited	Menandrou 12, office 207, Eleona Tower, 1066 Nicosia, Cyprus	EUR 21,000 (21,000 ordinary shares of EUR 1 each)	100% held by EPH
Housefar Limited (sold in April 2023)	Menandrou 12, office 207, Eleona Tower, 1066 Nicosia, Cyprus	EUR 3,420 (1,000 ordinary shares, par EUR 1.71, 1,000 non-voting preferred shares, par EUR 1.71)	Lenbury Enterprises Limited holds 100% of ordinary shares and 85% of preferred shares
Idelisa Limited (sold in April 2023)	Alasias, 33 3095 Limassol, Cyprus	EUR 2,000 (2,000 ordinary shares, par EUR 1.00)	100% held by Lenbury Enterprises Limited
Inspetsstroy, LLC (sold in April 2023)	11/2 bldg.1, 1st Magistralnaya St., 123290 Moscow, Russia	RUB 50	100% held by Housefar Limited
Lenbury Enterprises Limited (sold in April 2023)	Poseidonos Street, 1, LEDRA BUSINESS CENTRE, Egkomi 2406, Nicosia, Cyprus	EUR 1,000 (1,000 ordinary shares, par EUR 1.00)	100% held by EPH
Lexworth Finance Limited	Menandrou 12, office 207, Eleona Tower, 1066 Nicosia, Cyprus	EUR 2,000	99.95% held by EPH and 0.05% held by T&A Services Ltd.z
Obewan Beteiligungsverwaltungs GmbH	Esslinger Hauptstraße 188B/Haus 4, 1220 Vienna, Austria	EUR 35,000	100% held by Lexworth Finance Ltd.
Obewan GmbH & Co KG	Esslinger Hauptstraße 188B/Haus 4, 1220 Vienna, Austria	EUR 500	100% held by Ophuchus Beteiligungsverwaltungs GmbH
Ophuchus Beteiligungsverwaltungs GmbH	Esslinger Hauptstraße 188B/Haus 4, 1220 Vienna, Austria	EUR 35,000	100% held by Obewan Beteiligungsverwaltungs GmbH
Philadelphia, LLC (sold in April 2023)	5, Petrovka Street, floor 4, premises XI, room 44 107031 Moscow, Russia	RUB 10,000	99.99% held by Idelisa Limited

Full company name	Registered office	Issued Share Capital	Ownership %
PNL Media Limited (sold in April 2023)	Menandrou 12, office 207, Eleona Tower, 1066 Nicosia, Cyprus	EUR 2,001 (2,001 ordinary shares, par EUR 1.00)	99.95% held by Lenbury Enterprises Limited and 0.05% held by Capital Estate Group C.E.G.) Limited.
Primary TIZ Limited (sold in April 2023)	Poseidonos,1 LEDRA BUSINESS CENTRE Egkomi, 2406 Nicosia, Cyprus	US$102,540 (102,540 ordinary shares, par US$1)	100% held by TP Invest Ltd.
QBC Alpha SP Immomanagement GmbH	Esslinger Hauptstraße 188B/Haus 4 1220 Vienna, Austria	EUR 35,000	100% held by QBC 1,2,7 Holding GmbH
QBC BT IV Alpha GmbH	Esslinger Hauptstraße 188B/Haus 4 1220 Vienna, Austria	EUR 120,000	100% held by Andorian Beteiligungs verwaltungs GmbH
QBC BT IV Beta GmbH	Esslinger Hauptstraße 188B/Haus 4 1220 Vienna, Austria	EUR 60,000	100% held by Andorian Beteiligungs verwaltungs GmbH
QBC BT IV Epsilon GmbH	Esslinger Hauptstraße 188B/Haus 4 1220 Vienna, Austria	EUR 60,000	100% held by Andorian Beteiligungs verwaltungs GmbH
QBC Immobilien GmbH	Esslinger Hauptstraße 188B/Haus 4 1220 Vienna, Austria	EUR 60,000	100% held by QBC 1,2,7 Holding GmbH
QBC Immobilien GmbH & Co Alpha KG	Esslinger Hauptstraße 188B/Haus 4 1220 Vienna, Austria	EUR 10,000	94% held by QBC 1,2,7 Holding GmbH and 6% held by QBC Alpha SP Immomanagement GmbH
QBC Immobilien GmbH&Co Delta KG	Esslinger Hauptstraße 188B/Haus 4 1220 Vienna, Austria	EUR 10,000	100% held by QBC BT IV Alpha GmbH, QBC BT IV Beta GmbH (Limited Partners) and QBC BT IV Epsilon GmbH (General Partner)
QBC Immobilien GmbH & Co Omega KG	Esslinger Hauptstraße 188B/Haus 4 1220 Vienna, Austria	EUR 10,000	94% held by QBC 1,2,7 Holding GmbH and 6% held by QBC Omega SP Immomanagement GmbH
QBC Immobilien GmbH & Co Zeta KG	Esslinger Hauptstraße 188B/Haus 4 1220 Vienna, Austria	EUR 9,400	94% held by QBC 1,2,7 Holding GmbH and 6% held by QBC Immobilien GmbH
QBC Omega SP Immomanagement GmbH	Esslinger Hauptstraße 188B/Haus 4 1220 Vienna, Austria	EUR 35,000	100% held by QBC 1,2,7 Holding GmbH
QBC 1,2,7 Holding GmbH	Esslinger Hauptstraße 188B/Haus 4 1220 Vienna, Austria	EUR 35,000	100% held by Lexworth Finance Ltd.
Ramses Immobilien Gesellschaft mbH & Co KG	Esslinger Hauptstraße 188B/Haus 4 1220 Vienna, Austria	EUR 500	89.9% held by Ophuchus Beteiligungsverwal-tungs GmbH 10.1% held by Obewan GmbH & Co KG
Redhill Investment Limited (sold in December 2022)	Agiou Andreou, 339 Andrea Chambers Court, Flat/Office M103 3035 Limassol, Cyprus	EUR 8,550 (5,000 ordinary shares, par EUR 1.71)	100% held by EPH
SA3 Media S.a.r.l.	23, rue des Jardiniers 835 Luxembourg,Luxembourg	EUR 3,512,500	89.9% held by Lexworth Finance Limited
Setford Limited	Menandrou 12, office 207, Eleona Tower, 1066 Nicosia, Cyprus	EUR 20,000 (20,000 ordinary shares of EUR 1 each)	100% held by EPH
Silverlake Limited (liquidated in February 2022)	Koumandarias&Spyrou Araouzou, 7th Floor, Tonia Court II 3036 Limassol, Cyprus	EUR 2,000 (2,000 ordinary shares, par EUR 1.00)	100% held by EPH
SG4 Dresden GmbH & Co KG	Westendstrasse 28, 60325 Frankfurt Germany	EUR 1,000	100% held by SG4 Dresden Holding GmbH

Full company name	Registered office	Issued Share Capital	Ownership %
SG4 Dresden Holding GmbH	Westendstrasse 28, 60325 Frankfurt Germany	EUR 25,000	100% held by Asura Holding S.a.r.l.
SG4 Dresden Management GmbH	Westendstrasse 28, 60325 Frankfurt Germany	EUR 25,000	100% held by SG4 Dresden Holding GmbH
T&A Services Limited	171 Main Street, Road Town, floor3, premises III, room 7 Tortola VG 1110, British Virgin Islands	US$ 5	100% held by EPH
Tengri, LLC (sold in April 2023)	Hersonskaya Street, 41A, floor 3, premises III; room 7 117246 Moscow, Russia	RUB 2,019,195,866	100% held by PNL Media Ltd.
Tizpribor, JSC (sold in April 2023)	Krasnoproletarskaya, 4 127006 Moscow, Russia	RUB 8,787,500	99.98% held by Capital Estate Group (C.E.G.) Ltd.
TP Invest, LLC (sold in April 2023)	Krasnoproletarskaya, 2/4 constr.13 127006 Moscow, Russia	RUB 1,511,710,000	100% held by JSC Tizpribor
VOX INVESTMENT LTD (sold in April 2023)	S2, Quartier Des Serres, Domain de Labourdonnais, 31803 Mapou, Mauritius	CNY 1,000	25% held by EPH One, LLC 50% held by Tengri, LLC 25% held by Tizpribor, JSC
~~WLC Hamburg GmbH~~	~~Westendstrasse 28~~ 60325 Frankfurt am Main, Germany	~~EUR 25,000~~	~~94% held by Setford Limited~~

1.2 SIGNIFICANT SHAREHOLDERS

On 31 December 2022, EPH had 14,409,022 ordinary shares in issue carrying voting rights.

On 31 December 2022, CAIAC Fund Management AG's Aurora Value Fund held 8,648,103 shares equalling to 67.44% of the nominal capital and voting rights of the Company. In addition, Aurora Value Fund held call options for 1,070,000 shares in the Company, equalling 7.43%.

On 31 December 2022, Real Estate Portfolio Fund managed by One Funds AG (until 17 November 2022 Bendura Fund Management Alpha AG) held 2,700,000 shares in the Company, equalling 18.70% of shares in issue. Lionshare Opportunities Fund managed by One Funds AG (until 17 November 2022 Bendura Fund Management Alpha AG) held 913,156 shares in issue, equalling 6.34%. Valartis Property Holdings Ltd. held 710,000 shares in the Company, equalling 4.93% of shares in issue with a put-option towards Aurora Value Fund.

When informed by shareholders that their ownership stakes have exceeded or fallen below the levels of 3%, 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% or 66 2/3% of shares in issue, the Company publishes the disclosure in a press release in accordance with the requirements of SIX Swiss Exchange Regulations. Historical press releases can be found on the Company's website at https://europeanpropertyholdings.com/investors/news/. For an overview of the disclosures in the reporting period, please refer to the website of SIX Exchange Regulation (https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html).

1.3 CROSS-SHAREHOLDINGS

There are no cross-shareholdings.

2. CAPITAL STRUCTURE

2.1 CAPITAL

The Company's Memorandum and Articles of Association latest amended on 9 June 2022 are published on the Company's website (https://europeanpropertyholdings.com/) and provide for an authorised capital which entitles the Board of Directors to issue a total of 21,000,000 registered ordinary shares of a nominal value of EUR 0.93 each and 1,000,000 registered Series A shares with a nominal value of EUR 0.93 each. As of 31 December 2022, and the reporting date the Company's issued share capital consists of 14,409,022 ordinary shares. Note 21 "Shareholders' Equity" to the Company's Financial Statements contains a detailed description of the Company's capital structure.

A change in the Company's authorized capital must be approved by a resolution of a General Meeting of Shareholders. There is neither a maximum to the authorized capital nor a limit to the authorization period to carry out an increase in capital defined by the Company's Memorandum and Articles of Association.

Shares and other Securities may be issued at such times, to such persons, for such consideration and on such terms as the Board of Directors may determine by resolution - subject to requirements stated in the Company's Memorandum & Articles of Association. Subject to the provisions of Cyprus Law and any direction to the contrary that may be given by a resolution sanctioning the increase of share capital, all new shares proposed to be issued (whether unissued shares in the original capital or new shares in the increased capital) in consideration of cash or in kind must be offered in the first instance to the Shareholders on a certain date as determined by the Board of Directors and in proportion to their participation in the share capital of the Company. Each Shareholder will have up to 14 days following the dispatch date of the notice of the offer, which notice will identify the proposed terms and conditions of the offer, to notify the Company of its desire to exercise its pre-emption right on the same terms and conditions proposed in the notice. The Company may by ordinary resolution of a general meeting, before the issue of any new shares, withdraw the Shareholders' pre-emption rights as to the issue of such new shares if the Board of Directors furnish at the general meeting a written report that describes the reasons in favour of the disapplication of the Shareholders' pre-emption rights and provides information to support the proposed price of the new shares. The status of the authorized capital is detailed in Note 21.1 to the Company's Financial Statements.

2.2 CAPITAL BAND AND CONDITIONAL CAPITAL
The Shareholders have not authorized the Board of Directors to increase or decrease the authorized capital in its own discretion. The power to increase or decrease the authorized capital remains with the Shareholders.

According to Cyprus law the Company's Memorandum and Articles of Association do not foresee a conditional capital, therefore a capital increase by the exercise of options or conversion of rights must also be covered by authorized capital.

2.3 CHANGES IN CAPITAL

Number of shares	31.12.2022	31.12.2021	31.12.2020
Authorised	21,000,000	21,000,000	21,000,000
Issued	14'409'022	14'409'022	14,409,022
Treasury shares/ Shares held by the Company	89,565	84,741	83,022
Issued and outstanding	14,319,457	14,324,281	14,326,000

On 22 December 2020, the Company successfully issued additional share capital by way of a public placement of 4,435,000 new ordinary shares.

On 14 June 2021, the Annual General Meeting of the Company has approved the change of the par value of the Company's shares from no par value to USD 1 per share.

On 9 June 2022, the Annual General Meeting of the Company has approved the conversion of the currency of the share capital of the Company from USD to EUR. Therefore, since 9 June 2022 one share of an original nominal value of USD 1 has a nominal value of EUR 0.93.

As of 31 December 2022, the Company's issued share capital is equal to EUR 13,400,390,46 divided into 14,409,022 ordinary shares with a nominal value of EUR 0.93 each. Note 21 "Shareholders' Equity" to the Company's Financial Statements contains a detailed description of the Company's capital structure. There have been no further changes to the authorised capital.

2.4 SHARES AND PARTICIPATION CERTIFICATES

Number of shares in issue	14,409,022 ordinary shares
Share category	Registered ordinary shares
Nominal value	EUR 0.93

Each ordinary share has one vote and is entitled to dividends. The voting right and the right to receive dividends is disapplied in relation to the ordinary shares that are held by the Company.

Series A shares have equal economic and dividend rights like ordinary shares, but do not have voting rights. No Series A shares are in issue as of 31 December 2022.

The Company has not issued any participation certificates.

2.5 DIVIDEND-RIGHT CERTIFICATES
The Company has not issued any dividend-right certificates.

2.6 LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS
There are no limitations on transferability of fully paid ordinary shares. Series A shares can only be transferred with the prior written consent of the Company's Board of Directors.

2.7 CONVERTIBLE BONDS AND OPTIONS
Neither the Company nor any of its subsidiaries have outstanding convertible bonds and / or options in issue.

3. BOARD OF DIRECTORS

3.1 MEMBERS OF THE BOARD OF DIRECTORS
Composition of the Board of Directors as of 31 December 2022 and biographies of the board members can be found in the "Directors and Management" section of the Annual Report, starting on page 22.

Board Members who are part of the management committee of EPH, operationally involved in the business of EPH or employees of Valartis Group, which through Valartis International Ltd. supports the Company's daily management, are designated as Executive Board Members. Due to their position within EPH or Valartis Group, they may be informed of, or involved in, company matters which are not necessarily board matters and may not involve the full Board of Directors.

Due to their involvement in the Company's operations Olga Melnikova, Tomasz Dukala, Gustav Stenbolt and Annamaria Vassiliades are Executive Board Members. The other Board Members are designated as Non-Executive Board Members. Olga Melnikova and Annamaria Vassiliades are members of the Management Committee and involved in the daily management of the Company. Tomasz Dukala is supporting the Company with advice regarding potential investment opportunities, negotiating respective potential acquisitions and supporting the Company's public relations.

Hans Messmer has supported EPH Management Committee until February 2022. As per 31 December 2022 Hans Messmer is only a Board Member.

Hans Messmer has resigned as Board Member on 19 April 2023 with immediate effect. Annamaria Vassiliades has resigned as Board Members on 13 April 2023 with immediate effect.

3.2 OTHER ACTIVITIES AND VESTED INTERESTS
Gustav Stenbolt is Chairman of the Board of the Company's Manager Valartis Group AG. Annamaria Vassiliades is Associate Director at Christodoulos G. Vassiliades & Co.

None of the Company's other Non-Executive Board Members have significant business connections except for the mentioned and described activities above and in the biographies of each Board Member. None of the Company's Board Members serve in governing or supervisory bodies with relevance to the Company, nor do they represent Swiss or foreign interest groups. None of the Company's Board Members hold political posts or serve official governmental or regulatory functions.

3.3 NUMBER OF PERMITTED ACTIVITIES

There are no provisions in the Memorandum & Articles of Association of the Company with regard to the number of permitted activities of a Board Member.

3.4 ELECTIONS AND TERMS OF OFFICE

The Board Members are elected individually by the General Meeting of Shareholders. According to the Memorandum & Articles of Association of the Company the maximum term for election is three years. Upon expiration of a Board Member's term re-election is allowed. In accordance with the provisions of the current Memorandum & Articles of Association and based on the relocation of the Company to Cyprus, all Board Members resigned and were re-elected at the last Annual General Meeting held on 9 June 2022.

3.5 INTERNAL ORGANISATIONAL STRUCTURE

3.5.1 Allocation of tasks within the Board of Directors

On 7 March 2022, the Board of Directors have passed a resolution forming a Management Committee which consists of two Board Members and three Non-Board Members. No committees other than the Management Committee have been formed.

3.5.2 Members list, tasks and area of responsibility for each committee of the Board of Directors

Details on the Management Committee can be found below 4.1. of this Corporate Governance Report starting on page 24.

3.5.3 Work methods of the Board of Directors

The Board of Directors shall meet as often as necessary during any given year and customarily, board meetings shall be held in the Republic of Cyprus unless exceptionally, there is a need to hold the meeting remotely via electronic means when the physical presence of any of the directors in the Republic of Cyprus would not be possible. Duration of the meetings depends on the list of items on the agenda.

Board meetings may be attended by the Management Committee members and the Manager, who brief the Board of Directors with regards to Company developments within their area of responsibility. In order to support the ordinary course of the daily business, the Board of Directors may also decide on written resolutions. Board of Directors meetings took place 10 times in 2022.

3.6 DEFINITION OF AREAS OF RESPONSIBILITY

The Board of Directors is responsible for the business affairs of the Company in accordance with the Company's Memorandum and Articles of Association. The Board of Directors supervises the Company's management and the activities of the Management Committee, the Manager and is responsible for company investments. The Board of Directors has ultimate responsibility for the issue of the necessary directives and regulations and approval of the investment strategy as laid down in the Investment Guidelines which can be found on the Company's homepage.

The most important exclusive duties of the Board of Directors are:

– Supervision and control of the Company's bodies and periodic review of corporate objectives
– Appointment of Directors (where no approval by Shareholders is required) & Appointment/Removal of Management Committee Members and defining its authorities and powers as well as defining remuneration of Management Committee Members and Directors
– Appointment of the Corporate Secretary
– Appointment of additional officers / signatories / attorneys of the Company and defining its authorities and powers
– The content and resolutions to be adopted by the AGM or EGM as well as their execution and Notices for such meetings

The most important duties decided together with the Management Committee (dual approval) are:

– Transactions concerning third party debt financing and asset acquisitions & sale of assets or companies of EPH Group with a value of above USD 5 million
– Share issuances and equity injections on the Company level
– Approval of stand-alone and consolidated financial results (financial statements) of the Company

Certain aspects of the daily management of the Company have been delegated to the Management Committee and to the Manager.

3.7 INFORMATION AND CONTROL INSTRUMENTS

In its capacity as the highest supervisory body, the Board of Directors bears responsibility for all risks of the group.

EPH's Board of Directors monitors the exercise of the competencies transferred to the Management Committee and the Manager. At the meetings of the Board of Directors, the Management Committee and the Manager present the most important topics as well as the financial development of the Company and its assets. The Management Committee and the Manager report on the key risks the Company faces, such as the status of projects or that cash flows may not meet development or operational budgets. The Board of Directors may also ask to engage third parties to review transactions and results at any time.

The Management Committee is responsible for the implementation of processes and control principles and ensures compliance. A key component is the design and further development of the internal control system which is intended to address identified risks through appropriate, stringent control measures and minimise their probability of occurrence. As such, the Management Committee has implemented policies which focus on the most important key processes within the group. These outline not only the processes but also reporting to the management. If necessary, such reports are forwarded to the Board of Directors.

4. MANAGEMENT

4.1 MANAGEMENT COMMITTEE

4.1.1 Members of the Management Committee

In accordance with the Company's Memorandum and Articles of Association, the current Management Committee was elected by a board resolution dated 7 March 2022. Composition of the Management Committee as of

31 December 2022, and biographies of the members can be found in the "Directors and Management" section of the Annual Report, starting on page 22.

The Management Committee consists - in general - of five persons and is responsible for taking certain operative decisions and will take such decisions by majority vote within its authorities and any resolution passed by the Board of Directors. The Management Committee has the authority to conclude defined transactions without consultation of the Board of Directors.

Apart from matters which are decided by dual approval by the Board of Directors and the Management Committee and are described below 3.6 the most important duties of the Management Committee are:

- Annual budgets for EPH and each of its subsidiaries as well as the quarterly control of such budgets
- Third party debt financing involving the Company and/or any of its subsidiaries, and asset or company acquisitions & sales of EPH Group up to USD 5 million
- Intercompany financing
- Conclusion of any amendments to agreements to which the Company and/or any of its subsidiaries are party to, including share purchase agreements
- Non-Disclosure Agreements, Letter of Intents or Memorandums of Understanding regarding potential acquisitions by the Company and/or its subsidiaries
- Compliance procedures, anti-money laundering directives, sanction policies and other work processes
- Share issuances & equity injections or other matters on a subsidiary level
- Standard lease terms and standard lease agreements per asset
- Recommendation of auditors to the Board of Directors and Shareholders of the Company
- Balance confirmation in the course of the audit on a subsidiary level
- Engagement Letters and/or contracts with service providers to the Company whose fees have been pre-approved in the Company's annual budget
- Bank account opening forms

The Management Committee shall meet in the Republic of Cyprus on a regular basis, each month and may adopt decisions by majority votes.

4.1.2 Other activities and vested interests

Olga Melnikova and Annamaria Vassiliades, who are members of the Management Committee, also serve as members of the Board of Directors of the Company. Annamaria Vassiliades has resigned as Board Member on 13 April 2023 with immediate effect.

Except for the mentioned, none of the members of the Management Committee serve in governing or supervisory bodies with relevance to the Company, nor do they represent Swiss or foreign interest groups.

None of the Management Committee members hold political posts or serve official governmental or regulatory functions.

4.1.3 Number of permitted activities

There are no provisions in the Memorandum & Articles of Association of the Company with regard to the number of permitted activities of a Management Committee Member.

4.2 MANAGER

The Board of Directors and the Management Committee are assisted in the management of the Company by Valartis International Limited, a wholly owned subsidiary of Valartis Group AG, and its subsidiaries ("Manager"). The management agreement with Valartis International Limited ("Real Estate Management Agreement") is effective from 1 January 2013 and concluded for the period expiring on 1 January 2024 with the possibility of prolongation by express written agreement of both parties.

The Manager is responsible for the day-to-day business of EPH, including but not limited to the management of specific properties and other assets of the Company. The Manager also manages the Company's operations and reporting and is responsible for investor relations. The Management Committee and the Manager have the duty to inform the Board of Directors on a regular basis of the business and decisions adopted.

The Real Estate Management Agreement covers the scope of services and the managed assets and those EPH subsidiaries to which Valartis International Ltd. and its subsidiaries provide regular services. Valartis International Ltd. and its subsidiaries manage City Gate, Work Life Center, QBC 4, STRAL 3, SALZ 4, LASS 1 and QBC 1,2,7. In addition to leasing, regular reporting and administration of the Company's properties, the services provided by the Manager also relate to corporate administrative, financial management, directorships in subsidiaries and investor relations services.

Under the Real Estate Management Agreement, the Board of Directors and the Management Committee monitor the Manager's activities closely. The Manager is only authorized to act within agreed budgets of the respective subsidiaries and within the scope of the respective property management agreements. Where the Manager requires approval by the Board of Directors or the Management Committee, the respective resolutions must be obtained.

5. COMPENSATIONS, SHAREHOLDINGS AND LOANS

5.1 CONTENT AND METHOD OF DETERMINING THE COMPENSATION AND SHAREHOLDING PROGRAMS

Members of the Board of Directors are compensated for serving on the Board of Directors. Starting from April 2018 the annual fee per board member has been agreed at US$ 50,000 which is included in professional and administration expenses in the Company's income statement.

Name of Board Member	Function	Cash Remuneration
Olga Melnikova	Executive Member	US$ 50,000
Michael Cuthbert	Non-Executive Member	US$ 50,000
Tomasz Dukala	Non-Executive Member	US$ 50,000 + EUR 30,000
Annamaria Vassiliades	Executive Member	US$ 50,000
Hans Messmer	Executive Member	US$ 50,000
Gustav Stenbolt	Executive Member	–

In deciding on the level of compensation, the Board of Directors considered compensation paid to board members of other companies. The current compensation level will remain in effect until the Board of Directors votes to amend it.

Gustav Stenbolt does not receive any remuneration as his services are compensated within the Real Estate Management Agreement. Tomasz Dukala received an additional compensation in 2022 of EUR 30k for supporting public relations and business development.

The compensation of the Management Committee members is decided by the Board of Directors and dependent on the services provided to the Company by each member. Olga Melnikova and Annamaria Vassiliades did 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.

Name of MC Member	Function	Remuneration for services provided to EPH Group 2022
Vera Christodoulou	MC Member	EUR 76,092
Olga Melnikova	Executive Board & MC Member	US$ 50,000*
Marios Phedonos	MC Member	EUR 5,000
Christina Spyrou-Katras	MC Member	EUR 35,806
Annamaria Vassiliades	Executive Board & MC Member	US$ 50,000*

*The remuneration disclosed here is the remuneration paid for serving as a member of the Board of Directors. No additional remuneration is paid.

The Board of Directors and Management Committee do not receive any performance-oriented remuneration.

There is no employee benefit program in place. There are no payments in respect to pension or social security. There are no loans granted to members of the Board of Directors or the Management Committee.

In December 2020, Valartis Group AG, whose majority owner is Gustav Stenbolt, acquired 4.93% of the total issued shares during the Company's share capital increase. Apart from that, the members of the Board of Directors, the Management Committee, the Manager and parties closely linked to them held no shares in the Company. Please also refer to 1.2 Significant Shareholders of this Corporate Governance section.

The overall management fee under the Real Estate Management Agreement consists of separate payments for each of the specific services provided. Under the Real Estate Management Agreement, in 2022 the management fee in respect to property management, administration, investor relations and administrative services amounted to approximately US$ 3.6 million.

Additional services like corporate finance services (e.g., for structuring of financing and acquisition of assets), property management of additional assets and the management of additional development projects is not included in the services under the Real Estate Management Agreement.

In 2022, no such services have been provided by the Manager and no additional fee was received.

In addition to the above-described fees, the Manager, Board Members and Management Committee Members shall be entitled to receive compensation based on full reimbursement of all reasonable costs and expenses incurred by them on behalf of the Company and its subsidiaries.

6. SHAREHOLDERS' PARTICIPATION

6.1 VOTING-RIGHTS AND REPRESENTATION RESTRICTIONS

Ordinary shares entitle the holder to one vote per share. Holders of ordinary shares may exercise their voting rights provided they have duly paid all sum due or any calls made on the shares. Series A shares have equal economic and dividend rights like ordinary shares, but do not have voting rights. The voting right and the right to receive dividends is disapplied in relation to the ordinary shares that are held by the Company.

In order to exercise their voting right, or participate in the Meeting of Shareholders, shareholders must be entered into the shareholder register. The Shareholder register is maintained and administrated by Computershare Schweiz AG, Baslerstrasse 90, CH-4601 Olten and may be found also at the Company's registered office.

At a Meeting of Shareholders, a Shareholder may participate in person or may be represented by a proxy who may speak and vote on behalf of the shareholder. The instrument appointing a proxy shall be produced at the place designated for the Meeting of Shareholders before the time for holding the meeting at which the person named in such instrument proposes to vote. The notice of the Meeting of Shareholders may specify an alternative or additional place or time at which the proxy shall be presented.

The Memorandum & Articles of Association of the Company do not foresee any other restrictions to voting rights or grant any exceptions to institutional proxies.

6.2 STATUTORY QUORUMS

A Meeting of Shareholders is duly constituted if, at the commencement of the meeting, there are three or more Shareholders present in person or by proxy who together represent more than fifty per cent of the issued share capital of the Company carrying a voting right.

Matters of the Shareholders' meetings are decided by:

1. An ordinary resolution, that is passed by a simple majority of votes cast by persons who are present and entitled to vote. An ordinary resolution is required, for example, for the removal of a director and the removal of an auditor (in respect of these resolutions, a special notice period of 28 days is required).
2. A special resolution, which requires a notice period of not less than 21 days, specifying the intention to propose the resolution as a special resolution, that is passed by a majority of 75% of the votes cast by persons who are present and entitled to vote at a general meeting. A special resolution is called in respect of the following matters:

– Alteration of the Memorandum and Articles of Association of the Company;
– Any change in the name of the Company;
– Calling up any of the share capital that is unpaid;
– To pay interest out of capital when shares of the Company are issued for raising money, to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period;
– Reduction of share capital, extinguish or reduce the liability on any of its shares in respect of share capital not paid up, cancel any paid-up share

capital which is lost or unrepresented by available assets, pay off any paid-up share capital which is in excess of the wants of the Company, cancel paid up share capital by the creation of a reserve subject to the court's confirmation;

- Declaration by the Company that the affairs shall be investigated by an investigator appointed by the Council of Ministers;
- Alteration to the Memorandum to render unlimited liability to its directors or managers, or of any managing director, if provisions are included in the Articles of Association of the Company;
- If provisions are included in the Articles of Association of the Company or by any agreement entered into between any person and the Company for empowering a director or manager of the Company to assign his/her office as such to another person, any assignment of office made in pursuance of the said provision shall, notwithstanding anything to the contrary, contained in the said provisions, be of no effect unless and until it is approved by a special resolution of the Company;
- Making a compromise with creditors;
- Resolution to wind up the Company by the court or voluntarily;
- When a Company is proposed to be, or is in the course of being, would up voluntarily, and the business or property is proposed to be transferred or sold to another company, the liquidator may accept shares, policies or other interests in the transferee Company or enter into an agreement to participate in profits or receive any other benefit from the transferee Company for distribution among the members of the transferor Company as consideration for sale of property of the Company if sanctioned by special resolution.

3. An extraordinary resolution, that is passed by a majority of 75% of the votes cast by persons who are present and entitled to vote at a general meeting of which notice specifying the intention to propose the resolution as an extraordinary resolution has been duly given. An extraordinary resolution is called in respect of the following matters:

- Resolution that the Company cannot due to its liabilities continue its business, and that it is advisable to wind up;
- Permitting the liquidator to exercise the powers given by section 233(1) (d), (e) and (f) of Companies Laws, Cap. 113 in the case of members' voluntary winding up;
- Any arrangement entered into between the Company about to be or in the course of being, would up and its creditors shall be sanctioned by an extraordinary resolution and on the creditors if acceded to by ¾ in number and value of the creditors;
- The disposition of the books and papers of the Company in the case that the Company is wound up and is about to be dissolved.

6.3 CONVOCATION OF THE GENERAL MEETING OF SHAREHOLDERS

As per the Memorandum & Articles of Association, the Annual General Meeting of Shareholders shall be held at such time and place in Cyprus as the Directors shall determine. The exact location of the Meeting of Shareholders shall be specified in the notice of the meeting. The Directors by duly passed decision of the Board of Directors may decide to convene a Shareholders Meeting. The Directors convening a meeting shall give not less than 21 days' notice for an Annual General Meeting and not less than 14 days' notice for any other Shareholder meeting to those Shareholders whose names on a specific date specified in the notice appear as Shareholders in the register of shareholders of the Company and are entitled to vote at the meeting and to the other directors.The Directors may at any time convene an Extraordinary General Meeting, and Extraordinary General Meetings shall also be convened on such requisition, or in default, may be convened by such requisitions, as provided by section 126 of the Companies Laws, Cap. 113 of the laws of the Republic of Cyprus. If at any time there are not sufficient Directors capable of acting to form a quorum, any two Directors or any Shareholder of the Company holding 50% of the Company's issued shares which have a right to vote, may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meeting may be convened by the Directors.

6.4 INCLUSION OF ITEMS ON THE AGENDA

The Board of Directors and the Management Committee determine the agenda for the General Meetings. Shareholders can request that an item is added or included on the agenda. Such agenda points are to be discussed at the upcoming meeting.

6.5 ENTRIES INTO THE SHARE REGISTER

For the purpose of determining which Shareholders are entitled to vote at a General Meeting, the Board of Directors shall determine by reference to the Shareholders of the Company who are included in the Company's register of Shareholders by 5 p.m. (Central European Time) of the fifth business day following the date of the notice issued for the convening of a meeting.

7. CHANGES OF CONTROL AND DEFENSE MEASURES

7.1 DUTY TO MAKE AN OFFER

The Company's Memorandum and Articles of Association do not provide for rules on takeover (opting up or opting out).

7.2 CLAUSES ON CHANGES OF CONTROL

Neither the Company's Memorandum & Articles of Association, nor existing agreements between the Company and its joint venture partners include clauses benefiting members of the Board of Directors, Management Committee, or the Manager in case of change of control.

8. AUDITING BODY

8.1 DURATION OF THE MANDATE AND TERM OF OFFICE OF THE LEAD AUDITOR

The Company's auditor is appointed each year at the General Meeting of Shareholders.

Deloitte AG, Zurich has been appointed auditor of the Company in June 2018. Since then, the lead auditor is Mr. Marcel Meyer.

8.2 AUDITING FEES

Fees (excluding expenses and VAT) paid to Deloitte, which include services of the Zurich, Cyprus and Moscow offices, for audit of the Company's 31 December 2021 financial statements, and audit-related work, totalled US$ 535,000 plus EUR 49,000. Fees (excluding expenses and VAT) paid or to be paid to Deloitte AG for audit of the Company's 31 December 2022 financial statements and review of the 30 June 2022 interim financial statements are estimated at a total of US$ 525,000.

8.3 ADDITIONAL FEES

No additional fees were paid in 2022.

8.4 INFORMATIONAL INSTRUMENTS PERTAINING TO AN EXTERNAL AUDIT

The Board of Directors is responsible for the supervision and control of the external audit. Prior to board approval of the Company's audited financial statements, the lead auditor presents the findings of the audit process to the full Board of Directors and addresses any questions and concerns. The audit opinion is signed only after the Board of Directors has formally approved the annual financial statements.

In accordance with the Company's Memorandum and Articles of Association as of 7 February 2022, the Company's audited financial statements must be approved by the Management Committee followed by a board approval.

9. INFORMATION POLICY

Audit reports are published on an annual basis for the reporting period ending 31 December latest by 30 April. In addition, the Company publishes unaudited interim financial information for the period ended 30 June which are reviewed by the auditor latest by 30 September. The actual dates for each year can be found on the Company's webpage: https://europeanpropertyholdings.com/about/company.php. The Annual General Meeting of the Company takes place each year in June in Cyprus. In 2023, the Annual General Meeting takes place on 15 June 2023.

Interested parties can register for all press releases and other communication from the Company be sent to their email address by visiting https://europeanpropertyholdings.com.

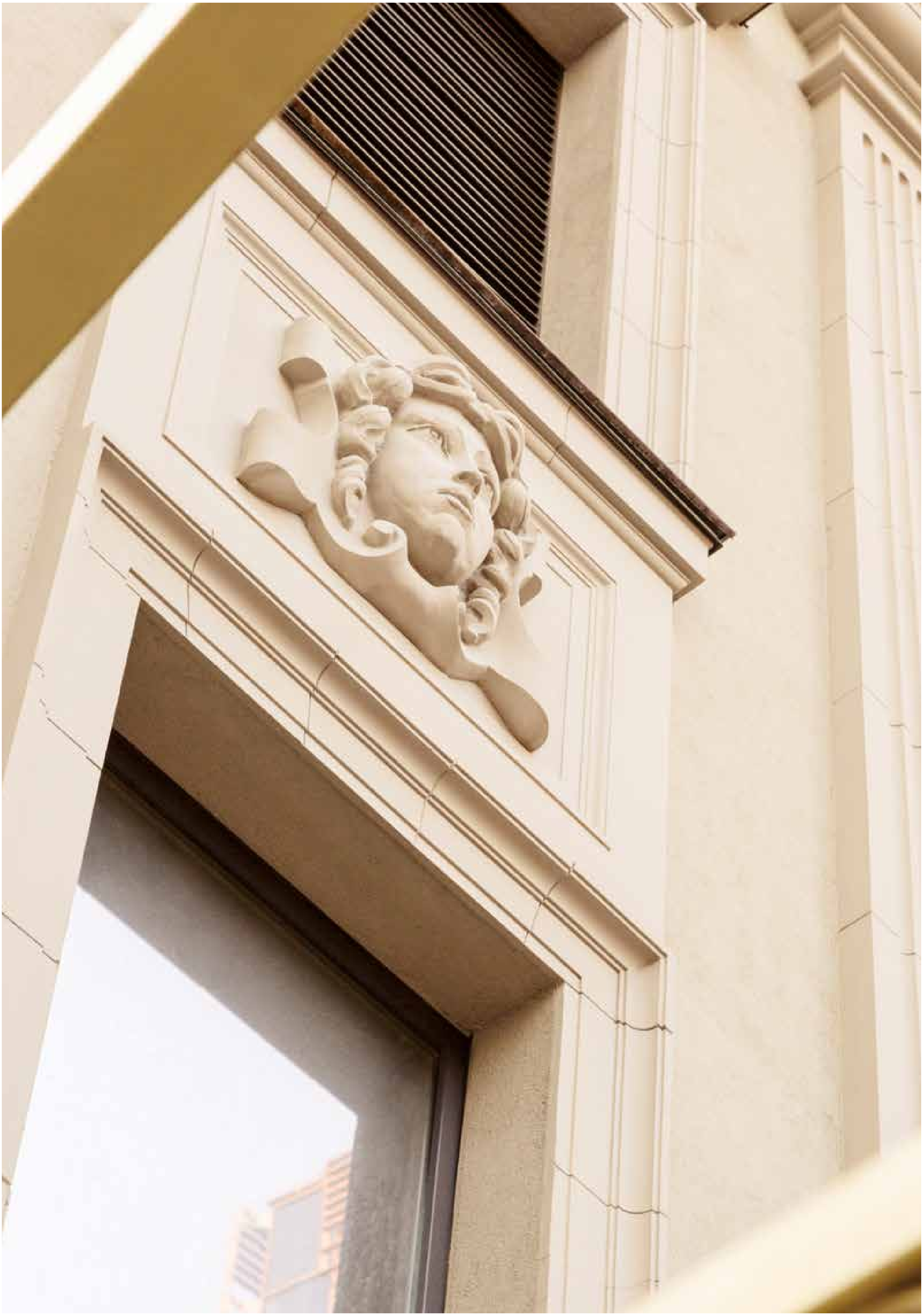
All historical financial statements and press releases, and the Company's Memorandum and Articles of Association and Investment Guidelines are available on the Company's website https://europeanpropertyholdings.com.

10. QUIET PERIODS

There are no defined blackout periods.


Selig
Frieden
stiften
Blessed
peace-
makers

EXTERNAL REPORTS



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REPORT OF THE INDEPENDENT AUDITOR

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

Report on the Audit of the Consolidated Financial Statements

Opinion

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

In our opinion, the consolidated financial statements (pages 63 to 118) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and art. 17 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements"* section of our report. We are independent of the Group in accordance with the International *Code of Ethics for Professional Accountants* (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) as well as the ethical requirements that are relevant to our audit of the consolidated financial statements in Switzerland, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Presentation and disclosure sale of Russian business component	
Key audit matter	**How the scope of our audit responded to the key audit matter**
As described in note 10 – Discontinued operation, in November 2022 the Group made a decision to sell the Russian component of the business in the form of a Management Buy-Out. This was structured as three transactions, two of them were executed as of 31 December 2022 and one was still in progress. As of the date of this report, the actual transfer of ownership under the last transaction completed on 19 April 2023. As it is disclosed in note 10 *Net loss from discontinued operations* was EUR 5.83 million, the *Assets classified as held for sale* were EUR 546.6 million and the *Liabilities directly associated with the assets classified as held for sale* were EUR 543.4 million. We considered the sale of the Russian business component to be significant to the audit because the Russian business component represents 32% of Group's *Total Assets* and 63% of Group's *Gross Rental Income* and complex accounting treatment needs to be applied. This includes significant judgement by the Board of Directors with regard to classification of these transactions, probability of execution and presentation in the consolidated financial statements.	In auditing the sale of the Russian business component, we performed the following audit procedures: • We gained an understanding of the internal controls in place over the processes of financial reporting and significant transactions; • We assessed the classification of each transaction separately taking into consideration its nature and key terms and conditions of these transactions. • We critically evaluated the key judgements made by the directors regarding the probability of the execution for the last transaction and their fair value considerations for the whole disposal group. • We involved internal specialists in accounting and methodology assessments due to their deep knowledge and experience in the complex accounting issues. • We verified the adequacy and completeness of the presentation in the consolidated financial statements and relevant disclosures (notes 2, 10 and 27) including the verification of the mathematical accuracy of calculations and consistency. Based on the procedures performed above, we obtained sufficient audit evidence to address the risk of presentation and disclosure of sale of Russian business component.

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Valuation of investment properties

Key audit matter	How the scope of our audit responded to the key audit matter
As described in note 4 – Investment properties, the carrying values of investment properties for the Group as at 31 December 2022 were EUR 895 million. The fair value adjustment recorded in net profit before tax in respect of investment properties for the Group amounted to EUR 29.7 million. We considered the valuation of the investment properties to be significant to the audit because the determination of fair value involves significant judgement by the directors and the use of external valuation experts. Fair value is determined by external independent valuation specialists using valuation techniques such as a capitalised income value method (discounted cash flow method) since the subject property can be classified as income generating property. Valuation techniques for investment properties are subjective in nature and involve various key assumptions regarding pricing factors. These key assumptions include future rental cash inflows, capitalisation rates and discount rates. The use of different valuation techniques and assumptions could produce significantly different estimates of fair value. When possible, fair value is determined based on recent real estate transactions with similar characteristics and location of the valued properties.	In auditing the valuation of investment properties, we performed the following audit procedures: • We gained an understanding of the internal controls in place over the valuation process of investment properties; • We involved internal valuation specialists to assist with the audit of the valuation of the investment properties (i.e. by verifying the validity of the methodology and its application as well as challenging the key assumptions) due to their specialised experience and knowledge of the local markets. We assessed the key assumptions included in the valuation; • We evaluated the external specialist's independence, objectivity, qualification and the methodology used by them for the valuation; • We corroborated the significant data like rent roll applied in the valuation model with supporting documentation and confirmed mathematical accuracy of the models; and • We also verified the adequacy of disclosures of key assumptions. The disclosures on the fair value of investment properties are included in note 5 to the consolidated financial statements. Based on the procedures performed above, we obtained sufficient audit evidence to address the risk of incorrect valuation of investment properties.

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Our application of materiality

We define materiality as the magnitude of misstatement in the consolidated financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the group to be EUR 5,260,000, which is below 1% of equity.

We agreed with the Board of Directors that we would report to the Board of Directors all audit differences in excess of EUR 263,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board of Directors on disclosure matters that we identified when assessing the overall presentation of the consolidated financial statements.

Other Information

Board of Directors is responsible for the other information. The other information comprises all information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Board of Directors and Those Charged with Governance for the Consolidated Financial Statements

Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and art. 17 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Deloitte.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Deloitte AG

Marcel Meyer	Deborah Caldwell
Partner	*Senior Manager*

Zurich, 28 April 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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Kapelle-Ufer 4, 10117 Berlin

City Gate Stuttgart GmbH
Mr. Marcus Friedrichs
Westendstr. 28

60325 Frankfurt

17 April 2023
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 31 December 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 27 February 2023.

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

ppa. Sacchi

Dirk Hennig Julia Sacchi

Vorsitzender des Aufsichtsrats: WP StB Dr. Norbert Vogelpoth;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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Kapelle-Ufer 4, 10117 Berlin

WLC Hamburg GmbH
Mr. Marcus Friedrichs
Westendstraße 28
60325 Frankfurt

17 April 2023
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 31 December 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 17 February 2023.

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

ppa. Sacchi

Dirk Hennig | Julia Sacchi

Vorsitzender des Aufsichtsrats: WP StB Dr. Norbert Vogelpoth
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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

17 April 2023
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 31 December 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 17 February 2023.

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 Vogelpoth
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
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SA3 Media S.à r.l.
Ms. Carole Sassel and Mr. Fernand Sassel
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Luxemburg

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17 April 2023
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 31 December 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 17 February 2023.

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

ppa. Sacchi

Dirk Hennig Julia Sacchi

Vorsitzender des Aufsichtsrats: WP StB Dr. Norbert Vogelpoth
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
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QBC Immobilien GmbH & Co Omega KG
Ms Anna Bernhart
Esslinger Hauptstraße 188 B/Haus 4
1220 Vienna

April 21, 2023

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 January 11, 2023, 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 December 31, 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 April 21, 2023.

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

pwc

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

April 21, 2023

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 January 11, 2023, 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 December 31, 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 April 21, 2023.

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

Domicile: Vienna; Company Register: FN 88905 v, Commercial Court of Vienna; DVR: 0582484 VAT number: ATU16078203
PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.

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

April 21, 2023

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 January 11, 2023, 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 December 31, 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 April 21, 2023.

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

Domicile: Vienna; Company Register: FN 88905 v, Commercial Court of Vienna; DVR: 0582484 VAT number: ATU16070203
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QBC Immobilien GmbH & Co Zeta KG
Ms Anna Bernhart
Esslinger Hauptstraße 188 B/Haus 4
1220 Vienna

April 21, 2023

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 January 11, 2023, 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 December 31, 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 April 21, 2023.

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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Austria

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RAMSES Immobilien Gesellschaft m.b.H. & Co KG
Ms Anna Bernhart
Esslinger Hauptstraße 188 B/Haus 4
1220 Vienna
Austria

April 21, 2023

Assessment of Fair Value of the property Lassallestraße 1 in Vienna

Dear Ms. Bernhart,

based on our agreement (hereinafter "agreement" or "engagement letter") as of December 9, 2022, RAMSES Immobilien Gesellschaft m.b.H. & Co KG ("Ramses" or "you") has mandated PwC Advisory Services GmbH, Vienna to ascertain the Fair Value of the Property "Lassallestraße 1", Lassallestraße 1, 1020 Vienna, KG 01657 EZ 5914 as of December 31, 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 April 21, 2023.

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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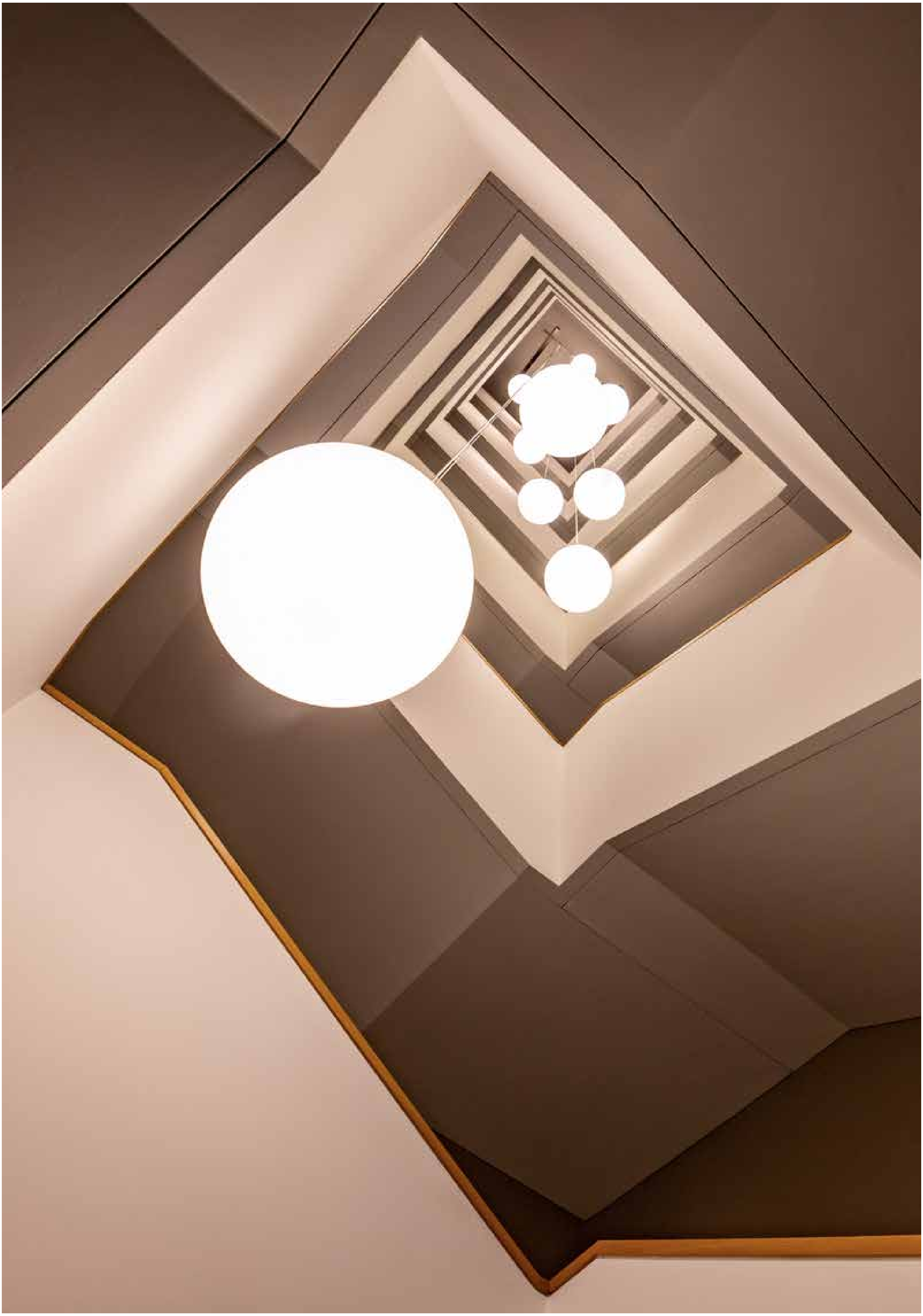


FINANCIAL
REPORT

in EUR	Note *	31.12.2022	31.12.2021	01.01.2021
Assets				
Non-current assets				
Investment properties	4	895,119,207	1,336,060,767	1,242,008,175
Goodwill	7	23,952,472	64,224,500	61,101,752
Loans and accounts receivable	6	41,987,170	1,918,912	759,407
Deferred tax assets	19	25,264	428,184	403,413
Furniture and equipment		12,071	41,911	49,176
Total non-current assets		961,096,184	1,402,674,274	1,304,321,923
Current assets				
Inventory	8	–	52,626,038	70,066,193
Accounts receivable	6	4,500,563	4,781,764	6,250,465
Prepayments		304,655	847,917	1,465,168
Prepaid taxes		2,564,491	5,069,539	3,520,981
Cash & cash equivalents	9	191,293,521	100,463,277	116,657,941
		198,663,230	163,788,535	197,960,748
Assets classified as held for sale	10	546,550,309	–	–
Total current assets		745,213,539	163,788,535	197,960,748
Total assets		1,706,309,723	1,566,462,809	1,502,282,671
Liabilities				
Non-current liabilities				
Borrowings	11	343,885,954	841,449,740	795,381,940
Deferred tax liabilities	19	36,117,580	122,106,179	110,720,513
Other non-current liabilities	12	1,383,206	9,533,902	7,321,175
Total non-current liabilities		381,386,740	973,089,821	913,423,628
Current liabilities				
Accounts payable and accrued expenses	12	4,950,067	8,047,941	19,135,718
Advances received		262,362	10,829,893	11,584,577
Taxes payable		737,788	7,679,303	9,824,642
Borrowings	11	248,999,441	92,308,886	111,651,084
		254,949,658	118,866,023	152,196,021
Liabilities directly associated with assets classified as held for sale	10	543,408,809	–	–
Total current liabilities		798,358,467	118,866,023	152,196,021
Equity				
Share capital		13,400,390	12,719,786	665,187,463
Share premium		668,715,693	669,396,297	16,928,620
Treasury shares		−2,295,952	−2,135,976	−2,092,485
Accumulated deficit		−27,073,120	−33,758,568	−42,325,197
Other reserves		−28,383	395,385	–
Cumulative translation adjustment		−136,101,939	−181,670,343	−209,641,725
Shareholders' equity attributable to the holders of the Company	21	516,616,689	464,946,581	428,056,676
Non-controlling interest		9,947,827	9,560,384	8,606,346
Total equity	21	526,564,516	474,506,965	436,663,022
Total equity and liabilities		1,706,309,723	1,566,462,809	1,502,282,671
Number of shares outstanding		14,319,457	14,324,281	14,326,000
Net asset value per share		36.08	32.46	29.88

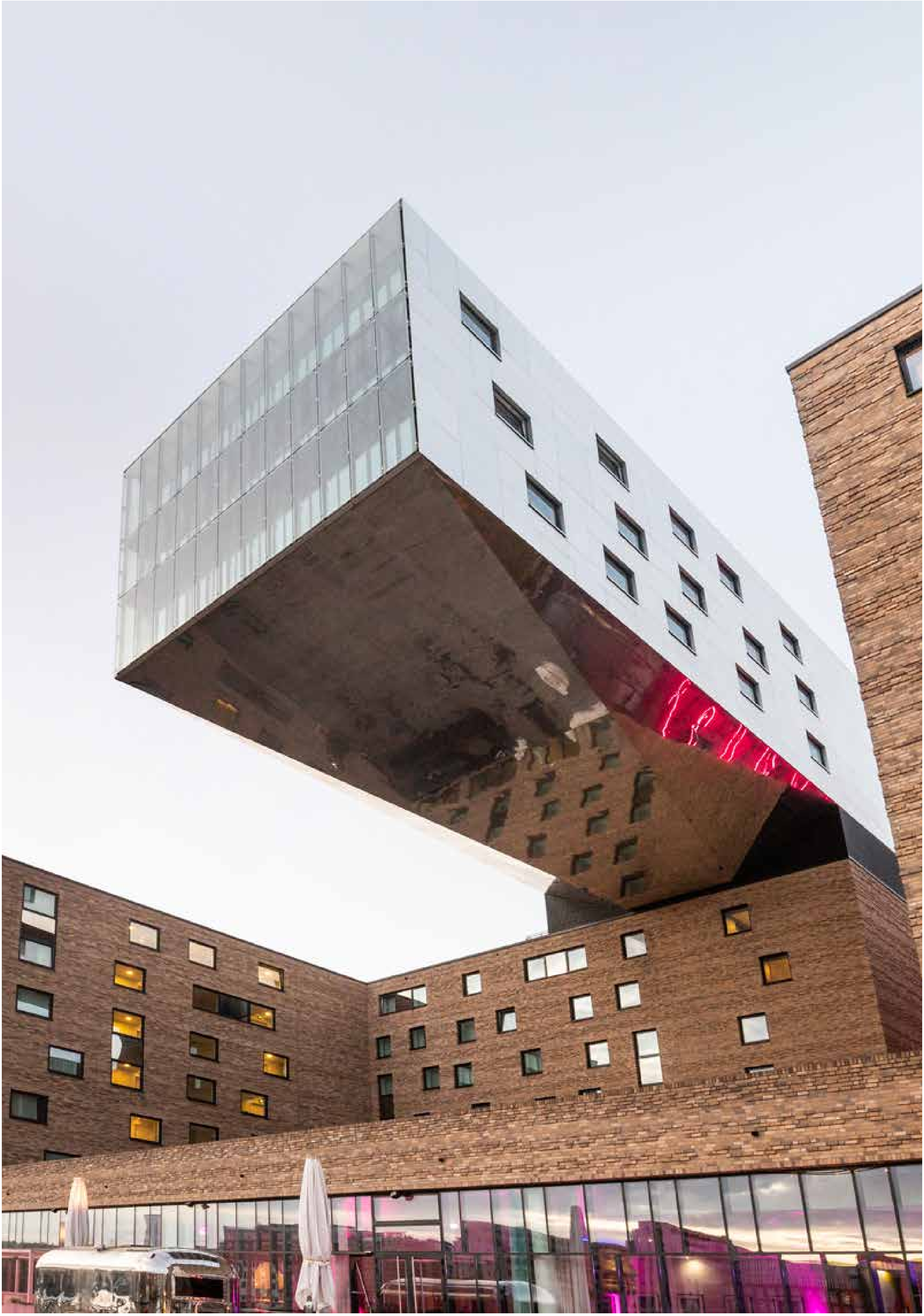
* The Notes are an integral part of these Consolidated Financial Statements.

in EUR	Note *	for the year ended 31.12.2022	31.12.2021	31.12.2020
Continuing operations				
Rental income				
Gross rental income	14	27,532,182	20,845,270	15,677,653
Service charge income	14	6,406,637	5,450,802	2,510,397
Property operating and maintenance expenses	14	−8,005,010	−6,941,701	−4,059,332
Net rental income	**14**	**25,933,809**	**19,354,371**	**14,128,718**
Management fees		−1,579,975	−1,439,103	−1,053,558
Administrative expenses	15	−2,703,935	−2,007,072	−1,880,572
Impairment loss on loans	6,10	−22,603,519	–	–
Other income	16	1,124,002	2,820,428	510,799
Other expenses	17	−235,712	−1,065,095	−4,220,393
Revaluation of investment properties	4,5	29,679,933	34,634,925	−18,447,299
Net operating profit/(loss)		**29,614,603**	**52,298,454**	**−10,962,305**
Interest income		148,400	43,060	2,049
Finance cost	18	−16,341,003	−20,815,374	−19,168,473
Net foreign exchange (loss)/ gain		−5,833,013	−22,283,910	11,372,413
Profit/(loss) before tax		**7,588,987**	**9,242,230**	**−18,756,316**
Income taxes	19	−3,597,530	−7,350,605	13,458,304
Net profit/(loss) from continuing operations		**3,991,457**	**1,891,625**	**−5,298,012**
Net profit from discountinued operations (attributable to equity holders of the Company)	10	3,129,044	7,584,622	28,496,728
Total net profit for the year		**7,120,501**	**9,476,247**	**23,198,716**
Attributable to:				
Equity holders of the Company		6,685,448	8,566,629	23,546,680
Non-controlling interest		435,053	909,618	−347,964
Earnings per share for profit attributable to equity holders of the Company during the period	20			
Weighted average number of outstanding shares		14,321,074	14,324,481	10,005,836
Basic and diluted		0.47	0.60	2.35

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

			for the year ended	
in EUR	Note	31.12.2022	31.12.2021	31.12.2020
Net profit for the year		7,120,501	9,476,247	23,198,716
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		−472,534	434,927	–
Gain/(loss) on currency translation differences		31,920,706	27,971,382	−98,803,148
Currency translation differences on discontinued operation	10	13,647,698	–	–
Income tax relating to these items		1,156	4,878	–
Net other comprehensive gain/(loss) to be reclassified to profit or loss in subsequent periods		45,097,026	28,411,187	−98,803,148
Total comprehensive gain/(loss) for the year		52,217,527	37,887,434	−75,604,432
Attributable to:				
Equity holders of the Company		51,830,084	36,933,396	−75,256,468
Non-controlling interest		387,443	954,038	−347,964

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



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	–	–	–	23,546,680
Other comprehensive loss	–	–	–	–
Total comprehensive gain/(loss) for the period	–	–	–	23,546,680
Allocation of newly issued shares, net of transaction cost	143,879,722	–	–	–
Acquisition of treasury shares, net of sale	–	–	−348,813	–
Acquisition of a subsidiary during the period	–	–	–	–
Balance as at 31.12.2020	665,187,463	16,928,620	−2,092,485	−42,325,197
Net profit for the period	–	–	–	8,566,629
Other comprehensive gain	–	–	–	–
Total comprehensive gain/(loss) for the period	–	–	–	8,566,629
Acquisition of treasury shares, net of sale	–	–	−43,491	–
Share capital repartition	−652,467,677	652,467,677	–	–
Balance as at 31.12.2021	12,719,786	669,396,297	−2,135,976	−33,758,568
Net profit for the period	–	–	–	6,685,448
Other comprehensive gain/(loss)	–	–	–	–
Total comprehensive gain/(loss) for the period	–	–	–	6,685,448
Acquisition of treasury shares, net of sale	–	–	−159,976	–
Change of the denomination of registered share capital from US$ to EUR (Note 21.4)	680,604	−680,604	–	–
Balance as at 31.12.2022	13,400,390	668,715,693	−2,295,952	−27,073,120

* The Notes are an integral part of these 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
–	–	23,546,680	–347,964	23,198,716
–	–98,803,148	–98,803,148		–98,803,148
–	–98,803,148	–75,256,468	–347,964	–75,604,432
	–	143,879,722	–	143,879,722
–	–	–348,813	–	–348,813
–	–	–	5,515,766	5,515,766
–	–209,641,725	428,056,676	8,606,346	436,663,022
–	–	8,566,629	909,618	9,476,247
395,385	27,971,382	28,366,767	44,420	28,411,187
395,385	27,971,382	36,933,396	954,038	37,887,434
–	–	–43,491	–	–43,491
–	–	–		–
395,385	–181,670,343	464,946,581	9,560,384	474,506,965
	–	6,685,448	435,053	7,120,501
–423,768	45,568,404	45,144,636	–47,610	45,097,026
–423,768	45,568,404	51,830,084	387,443	52,217,527
	–	–159,976	–	–159,976
	–	–	–	–
–28,383	–136,101,939	516,616,689	9,947,827	526,564,516

		for the year ended		
in EUR	Note *	31.12.2022	31.12.2021	31.12.2020
Cash flows from operating activities				
Net profit for the period		7,120,501	9,476,247	23,198,716
Net foreign exchange loss		1,977,689	23,395,139	18,030,230
Revaluation of investment properties		19,306,472	−20,883,402	−23,675,590
Impairment loss on loans	6,10	22,603,519	–	–
Other non-cash expenses		481,908	616,137	1,694,287
(Release)/charge of impairment allowance for Eurobonds		−136,823	446,013	–
Gain arising from sale of subsidiary	10	−8,955,820	–	−9,017,642
Depreciation		9,726	9,597	12,371
Interest income		−1,347,797	−395,561	−487,232
Finance costs		28,586,750	35,211,286	33,477,298
Other income related to acquisitions of properties in prior periods	16	−43,382	−2,105,201	–
Income tax (benefit)/expense		−1,988,284	11,069,077	3,809,542
Cash generated from operations before movements in working capital		67,614,459	56,839,332	47,041,980
Movements in working capital				
Increase/(Decrease) in accounts payable and other liabilities		2,385,556	−3,040,735	−2,161,188
Decrease/(Increase) in accounts receivable and other receivables		2,920,352	1,704,114	−4,923,395
Decrease in inventory		2,239,976	23,047,037	14,856,685
Cash generated from operations		75,160,343	78,549,748	54,814,082
Release from restricted cash of tenant deposits		8,084	–	–
Interest income received		51,974	323,690	487,232
Income tax paid		−10,328,375	−6,116,496	−6,756,402
Net cash generated from operating activities		64,892,026	72,756,942	48,544,912
Cash flows from investing activities				
Purchases of investment properties		−25,008,821	−39,138,229	−299,918,232
Proceeds from sales of investment properties		–	629,886	19,334,394
Release/(net transfer) of funds from/to Escrow accounts		1,578,463	10,565,439	−13,647,372
Disposal of subsidiary		−4,049,974	–	–
Borrowing costs	4	−2,406,932	−3,209,117	−2,140,101
Acquisition of Eurobonds		–	−1,949,145	–
Reimbursement from seller after adjustment of purchase price on acquistions of prior periods		–	1,044,428	–
Net cash used in investing activities		−29,887,264	−32,056,738	−296,371,311
Cash flows from financing activities				
Interest paid		−26,739,334	−33,013,297	−31,630,199
Proceeds from notes payable		103,000,000	–	215,585,487
Proceeds from borrowings, net of transaction costs		–	98,986,567	–
Repayment of borrowings		−825,000	−107,743,003	−3,091,086
Proceeds from sale of ordinary shares		–	–	142,235,353
Proceeds from sale of treasury shares		341	1,616	–
Acquisition of treasury shares		−160,316	−43,304	−344,827
Net cash generated from/ (used in) financing activities		75,275,691	−41,811,421	322,754,728
Net change in cash & cash equivalents		110,280,453	−1,111,217	74,928,329
Cash & cash equivalents at the beginning of the period		97,739,881	103,919,040	26,192,771
Net (loss)/gain from foreign currency translation		−5,456,477	−5,067,942	2,797,940
Cash & cash equivalents at the end of the period		202,563,857	97,739,881	103,919,040

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

Notes to the statement of cash flows

- Cash flows above include both continued and discontinued operations. Disclosure of cash flows of discontinued operations is given in Note 10.2.
- Non-cash transactions

In the reporting period, the Company sold 100% shares in subsidiary Redhill Investment Ltd. (Note 10.4). Upon disposal, the Group recognized loan receivable for the amount EUR 38.67 million and loan payable for the amount EUR 7.41 million. Before disposal, the loans were inter-company loans, eliminated for the purposes of the consolidated financial statements.

On 2 December 2022, subsidiary Lenbury Enterprises Ltd. accepted the debt of the Company under the notes issued in the past years to the Company's shareholders in the amount of EUR 426.1 million (refer to Note 11.2) by replacement of the Company's notes by subsidiary's notes.

In 2021, the non-cash transactions, excluding those described in Note 11.5, were insignificant.

In 2020, advance paid in 2019 for acquisition of investment property QBC 1,2,7 in the amount of EUR 20.47 million was set off against the liability arisen upon completion of property acquisition in December 2020. Other non-cash transactions in 2020 were insignificant.

- Reconciliation of cash & cash equivalents in the statement of financial position to the statement of cash flows is given in the table below:

in EUR	Note	31.12.2022	31.12.2021
Cash and cash equivalents available per statement of financial position	9	191,293,521	100,463,277
Assets held for sale: cash and cash equivalents available	10	12,402,493	–
		203,696,014	100,463,277
Bank overdraft	11	−417	−5,190
Restricted cash	9	−1,131,727	−2,718,206
Liabilities directly associtated with assets held for sale: bank overdraft		−13	–
Total cash at the end of the period per statement of cash flows		202,563,857	97,739,881

- Changes in liabilities arising from financing activities are disclosed in Note 11.5.

The Group classifies paid interest, recognized as expense in the statement of profit or loss, as financing activity (interest paid) and paid interest, capitalized in the cost of investment property, as investing activity (borrowing cost).

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 consolidated financial statements of EPH European Property Holdings PLC and its subsidiaries (together the "Group") for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 26 April 2023. The principal activities of the Group are described in Note 3.1.

The Company was founded in 2003 with the intention to invest in the 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. On 7 February 2022, the Company re-domiciled to Cyprus as EPH European Property Holdings PLC. On 19 April 2023, the Company sold its Russian portfolio to the Russian management of the Group. After sale, the Group plans to continue to build up its presence in Western Europe.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and SIX Swiss Exchange Regulations on financial reporting.

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and some categories of financial assets and liabilities. The consolidated financial statements have been prepared on a going concern basis. Further consideration about the going concern assumption is referred to in Note 23.5. The consolidated financial statements are presented in Euro ("EUR").

2.2 BASIS OF CONSOLIDATION

Subsidiaries

The consolidated financial statements comprise the financial statements of the Group as at 31 December 2021. Control over subsidiaries is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, it has:

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of financial position, statement of profit or loss and statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interests represent the portion of comprehensive income and net assets not held by the Group and are presented separately in the consolidated statement of profit or loss and within the consolidated statement of changes in equity in the consolidated statement of financial position, separately from parent shareholders' equity.

The Group's structure is given in the Corporate Governance part of the annual report.

Property acquisition and business combinations

Where a property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity to determine whether the acquisition represents the acquisition of a business.

Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred taxation arises. Otherwise, acquisitions are accounted for as business combinations.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated statement of profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date.

If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. The goodwill is not deductible for income tax purposes.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is tested for impairment at least annually, where there is an indicator that it is impaired or where there is an indicator that the CGU(s) to which it is allocated is impaired. Where the impairment indicator relates to specific CGUs, those CGUs are tested for impairment separately before testing the group of CGUs and the goodwill together.

Where a property acquisition meets the definition of a business, the entity should apply IAS 12, and it might need to recognise a deferred tax liability on acquisition and the corresponding goodwill. An impairment test for such goodwill is performed using fair value less costs of disposal. The carrying value of a CGU under the fair value less costs of disposal method includes the deferred tax liabilities.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency of the Company, from 1 January 2022, is Euro ("EUR") (before 1 January 2022: US dollar ("US$")). Explanation for change in functional currency is given in Note 2.4.2. The functional currency of the Group's subsidiaries is Euro ("EUR") and the Russian Ruble ("RUB" for Russian subsidiaries). Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in EUR (before 1 January 2022: US$, see below in Note 2.4.3).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or valuation where items valued at fair value are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the consolidated statement of profit or loss.

The Group uses the following official rates of exchange, as determined by the Swiss National Bank (for 1 EUR):

	31.12.2022		31.12.2021		31.12.2020	
	RUB	US$	RUB	US$	RUB	US$
closing rate	77.7755	1.0656	84.8859	1.1328	92.1772	1.2281
average rate	70.0477	1.0509	87.3152	1.1818	83.5770	1.1459

Translation of consolidated financial statements

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 as follows:

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

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings that qualify as quasi-equity loans, are taken to other comprehensive income. When the foreign operation is sold, such exchange differences are recognised in the consolidated statement of profit or loss.

Goodwill and fair value adjustment arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.4.1 New and Amended standards and interpretations

New amendments and improvements to standards set out below became effective 1 January 2022 and did not have any impact or did not have a material impact on the Group's consolidated financial statements:

- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
- IAS 41 Agriculture – Taxation in fair value measurements.

Two IFRIC Agenda Decisions that had a potentially significant effect on the Real Estate industry were issued during 2022:
- Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (April 2022) did not have a material effect on the Group, as funds separately retained to meet tenant deposit obligations were previously, and continue to be classified as cash on the statement of financial position and in the cash flow statement.
- Lessor Forgiveness of Lease Payments did not have a material effect on the group because no material rent concessions have been issued to tenants on continuing leases.

In 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.
- IFRS 17, Insurance Contracts including amendments to IFRS 17, effective 1 January 2023;
- Amendments to IAS 1: classification of liabilities as current or noncurrent, effective 1 January 2023;
- Amendments to IAS 1 and IFRS practice statement 2: disclosure of accounting policies, effective 1 January 2023;
- Amendments to IAS 8: definition of accounting estimates, effective 1 January 2023;
- Amendment to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction, effective 1 January 2023;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, effective 1 January 2023.

Management of the Group do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

2.4.2 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 the time.

In the period 2016 - 2020, the Group expanded to the Western Europe by acquisition of 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, that is 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 accordingly. 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 as their historical cost.

2.4.3 Change of presentation currency of the consolidated financial statements

Starting from 1 January 2022, the Group changes 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, following the approval by the annual general meeting of shareholders on 9 June 2022 the denomination of the Company's share capital was changed into EUR. In the given circumstances, EUR as presentation currency provides the users with the better reflection of the actual performance and financial position of the Group.

Accounting policy on translation to presentation currency is described in Note 2.3. 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 2021, 31 December 2021 and 31 December 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 adjust-

ment.

– 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.

2.4.4 Re-presentation of profit or loss report and respective disclosures for prior periods for discontinued operations

The items of profit or loss of the discontinued operations and respective disclosures are presented as a single amount in the statement of profit and loss. The Group re presented the items in the statement of profit or loss and disclosures for prior periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Although management believes that the assumption and estimates used in these consolidated financial statements are appropriate, any unforeseeable changes in these assumptions could impact the net assets, financial position and results of operations.

2.5.1 Critical judgements in applying accounting policies

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

Property lease classification - the Group as a Lessor

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

Classification of investment property and other assets and liabilities of the Russian domiciled subsidiaries and their immediate Cyprus domiciled parents as a disposal group under IFRS 5

On 1 November 2022, the Group announced the plans to sell the whole Russian portfolio to the Russian management of the Group. The shareholders approved the transaction and its structure on the General Meeting at the date. Subsequent to the year-end (on 19 April 2023), the Company sold respective properties to management. Refer to Note 10.1 for detail.
Upon completion of the sale, the Group legally transfered 100% control over the Russian portfolio to the legal entity owned by the Russian management. Deferred consideration on the sale and loans and receivables from disposed entities is secured by the mortgages and pledges in favour of the Company. The agreement does not provide for the assets buyback, as well as it does not contain any other provision that would grant EPH with the power to involve in operating activities of the properties and affect their returns.

As the following criteria have been met on 1 November 2022, management classified assets and liabilities that constitute the Russian portfolio as a disposal group (discontinued operation) in accordance with the IFRS 5 on the date and as of 31 December 2022:

– carrying amount of the disposal group will be recovered principally through a sale transaction rather than through continuing use. Upon completion of the transaction in April 2023, the Group transferred its control over the Russian portfolio to third parties in exchange for the financial assets (cash, loans and receivables) or discharge of the financial liabilities (on shareholders' notes);
– disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such disposal groups (legal and technical formalities are not expected to take more than a year's time);
– the sale was estimated at reporting date as highly probable, which is justified by the commitment of the Group's management to a plan to sell and ongoing negotiations with the buyers.

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 31

December 2022.

2.5.2 Critical estimates and assumptions

Valuation of Investment property

Refer to Note 5.

Measurement of the disposal group

Assets of the disposal group include investment property, goodwill (arisen in past periods when the properties were acquired by EPH Group in business combination), deferred tax assets, lease and other receivables, prepayments and cash and cash equivalents. Liabilities include loan notes issued, deferred tax liabilities, payables to suppliers and tenant deposits. At classification and subsequently, disposal group should be measured at lower of its carrying amount and fair value less costs to sell. Purchase consideration fixed in the sale and purchase agreement signed on 19 April 2023 is considered by the parties as the best approximation of a fair value that could have been reached in the ordinary transaction on the market. Therefore, the carrying amount of the disposal group is compared to the purchase consideration less costs to sell.

Investment properties constitute major part of the disposal group. They are accounted for at fair value determined by independent appraisal every half year. The Company and the buyers believe that, in the current circumstances, the fair value determined by independent appraisal as of 30 June 2022 represents the best estimate of the fair value as of 31 December 2022, had it been determined, and use this valuation as a basis for the purchase consideration. Based on these grounds, the Group did not recognize any additional revaluation adjustment for the investment properties after 30 June 2022, except for the effect of foreign exchange differences for the properties with US$-denominated rental cash flows.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group recognises liabilities, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates.

The amount of such liabilities is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax liabilities in the period in which such determination is made.

2.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.6.1 Investment property

Investment property comprises completed property and property under construction or re-development held to earn rentals or for capital appreciation or both. Land plot, on which the property is constructed, held under a lease is classified as investment property when the definition of an investment property is met. The lease obligation is recognised under IFRS 16 at the present value of the lease payments that are not paid at that date.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions incurred to ensure that the property is operational.

The carrying amount also includes the costs for replacing parts of an exist- ing Investment property at the time when the cost is incurred if the recogni- tion criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the consolidated statement of profit or loss in the year in which they arise.

If management determines that the fair value of an investment property under construction is not reliably measurable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably measurable or construction is completed (whichever is earlier). Contingent consideration, if applicable, is not taken into account on initial recognition of the asset under construction, but it is added to the cost of the asset initially recorded, when incurred, or when a related liability is remeasured for changes in cash flows. Contingent consideration for the investment property, for which the fair value is reliably measureable, is recognized as financial liability at FVTPL. Refer to section Financial Liabilities below in this Note for accounting policy description.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the consolidated statement of profit or loss in the year of retirement or disposal.

Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset.

Fair value is the price that would be received in case of a sale of the investment property in an orderly transaction between market participants at the measurement date. The fair value of the investment property is determined by professional third party appraisers at each balance sheet date, acquisition date and date of disposal using recognized valuation techniques and the principle of IFRS 13.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect to the property. The appraisers determine the value of the Group's real estate holdings in currency used in the lease contracts of each property (usually, Euro for European properties and RUB for Russian properties, except Berlin and Geneva Houses with contractual rental rates determined in US$).

The Moscow office of international real estate consultant Jones Lang LaSalle and the Berlin office of PWC have been commissioned by the Group to perform valuations of its real estate holdings. The results of the valuations have been reviewed and approved by the Board of Directors as representing the fair values at the reporting date. Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to Inventories. A property's deemed costs for subsequent accounting as inventories is its fair value at the date of change in use.

For a transfer from Inventories to investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the profit or loss.

The Group's investment property includes long-term leasehold land at project Berlin House which is accounted for as if it was a right-of-use asset under IFRS 16, Leases.

2.6.2 Inventory

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as Inventory and is measured at the lower of cost and net realisable value. Costs include amounts paid to contractors for construction, borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs. Cost is allocated between inventory items (apartments and parking lots) based on the floor space in sqm of each item. The cost of a sqm is determined using weighted average cost formula. When item of inventory is sold, revenue from the sale, as determined by the sale price, and respective cost and real estate agent fee, both included in cost of sales line, is recognised in the consolidated statement of profit or loss.

2.6.3 Assets classified as held for sale and liabilities directly associated with assets classified as held for sale (disposal group)

Investment property and other assets directly associated with disposal group is transferred to non-current assets held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such property and its sale must be highly probable. Disposal group is measured at the lower of its carrying amount and fair value less costs to sell. Assets and liabilities constituting disposal group are presented separately as current items in the statement of financial position. On re-classification, investment property that is measured at fair value continues to be so measured.

2.6.4 Financial assets

Classification

The Group's financial assets (loans, receivables and cash and cash equivalents) are classified as subsequently measured at amortised cost based on the following criteria:

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

Loans have been provided to the former subsidiary that was disposed in the reporting period. Receivables result from transactions that are within scope of IFRS 16 Leases (collectible on rental revenue), IFRS 15 Revenue from Contracts with Customers (collectibles on service charge fee and sales of properties) and IFRS 9.

Cash and cash equivalents comprise cash in-hand, cash at bank and in transit between bank accounts, short-term deposits with an original maturity of three months or less and bank promissory notes payable on demand. Bank overdrafts (if any) are shown separately in the current liabilities on the consolidated statement of financial position.

Eurobonds are classified as financial assets subsequently measured at fair value through other comprehensive income if both of the following conditions are met based on the following criteria:

– the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequently, receivables and cash and cash equivalents are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss in the consolidated statement of profit or loss and presented in other income or expense. Impairment losses are presented as separate line item in Profit or loss in the consolidated statement of profit or loss.

The group recognizes the changes in the fair value of Eurobonds in Other Comprehensive Income. These changes are accumulated within the Other reserve within equity. The group transfers amounts from this reserve to retained earnings when the relevant asset is derecognised.

Cash flows from interest income received are classified as operating activity in the consolidated statement of cash flows.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Receivable have been determined to have low credit risk (refer to Note 24).

For Eurobonds, the Group generally assumes that fair value (market price) at the reporting period correctly reflects credit risk of the asset. Management measures the loss allowance for specific Eurobonds at an amount equal to the lifetime expected credit losses, if management identified that the credit risk on them has increased significantly since initial recognition.

The impairment allowance for Eurobonds is recognised in profit or loss (in aggregate with other items in line 'Other expenses' ('Other income' for release of the impairment allowance) or as a separate line 'Impairment allowance', depending on materiality of the amount) and reduces the fair value loss otherwise recognised in other comprehensive income. The impairment allowance does not reduce the carrying amount of the asset in the statement of financial position.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.6.5 Prepayments

Prepayments are stated at historical cost less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect goods or services due according to the terms of the payments.

The amount of the provision is the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the effective interest rate. The impairment charge is recognised in the consolidated statement of profit or loss. When a prepayment is uncollectible, it is written off against the provision account for prepayments.

2.6.6 Share capital

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.
Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

2.6.7 Financial liabilities

Classification, initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss. All financial liabilities are recognised initially at fair value minus transaction costs that are directly attributable to issue of the financial liability. The Group's financial liabilities include trade and other payables and accrued expenses, liabilities at fair value through profit or loss (FVTPL), tenant deposits and borrowings including own bonds issued, lease liabilities and derivative financial instruments.

At the date of recognition, financial liabilities are irrevocably designated as measured at FVTPL if it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. After initial recognition financial liabilities at FVTPL are subsequently measured at fair value.

Change in fair value is recognized in profit or loss. All other financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisi- tion and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Derecognition

A financial liability is derecognised when it is extinguished, i.e. when the obli- gation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on sub- stantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Classification of interest expense in the statement of cash flows
Cash flows from interest expense paid are classified as financing activity in the consolidated statement of cash flows. Cash flows from interest expense, capitalized in cost of investment property, are classified as investing activity in the consolidated statement of cash flows.

2.6.8 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that re- flects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

2.6.9 Current income tax

Current Income Tax Assets and Liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

2.6.10 Deferred income tax

Deferred Income Tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, with the following exceptions:

- Where the temporary taxable difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, joint operations and associates where the timing of the reversal of the temporary differences can be controlled by the parent, operator or investor, respectively, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred Income Tax Assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. In determining the expected manner of realisation of an investment property measured at fair value, a rebuttable presumption exists that its carrying amount will be recovered through the sale.

Deferred Income Tax Assets and Liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

2.6.11 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

RIGHTS OF USE ASSETS - INVESTMENT PROPERTIES (LAND) HELD UNDER LEASE

The Group leases properties (land) that meet the definition of investment property. These right-of-use assets are presented as part of the line item 'Investment property' in the statement of financial position.

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised and lease payments made at or before the commencement date less any lease incentives received.

LEASE LIABILITIES

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. IFRS 16 requires certain adjustments to be expensed, while others are added to the cost of the related right-of-use asset.

LAND LEASES WHERE THE LEASE PAYMENTS ARE DEFINED AS A PERCENTAGE OF CADASTRAL VALUE OF THE LAND

Where the lease payment is determined as a percentage of cadastral value of the land and, therefore, does not fall into any category of payments that form lease liability defined by IFRS 16, the Group does not recognise a right-of-use asset and a corresponding lease liability. The lease payments are recognised as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a Lessor

Refer to accounting policies on rental income in this Note.

RENT RECEIVABLES

Rent receivables are recognised at their original invoiced value except where the time value of money is material, in which case rent receivables are recognised at fair value and subsequently measured at amortised cost. Refer to accounting policies on financial assets in this note.

TENANT DEPOSITS

Tenant deposits are initially recognised at fair value and subsequently measured at amortised cost. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term. Refer also to accounting policies on financial liabilities in this note.

2.6.12 Revenue recognition

The Group's's key sources of income include:

- Rental income;
- Revenue from contracts with customers:
- Services to tenants including management charges and other expenses recoverable from tenants;
- Sale of inventory property.

The accounting for each of these elements is discussed below.

Rental income

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

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

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise that option.

The initial direct costs and tenant lease incentives are presented in the line item 'Investment property' in the Consolidated statement of financial position. Amounts received from tenants to terminate leases or to compensate for di- lapidations are recognized as gain or loss, respectively, in the consolidated statement of profit or loss when the right to receive them arises.

Revenue from services to tenants

The Group recovers direct expenses arising on exploitation and maintenance of the investment property through fixed and variable (i.e. tied to the actual utility costs) service charge fee. Service charge revenue is recognised when a performance obligation is satisfied, which occurs when control of a ser- vice transfers to the customer. Since the customer receives and consumes the benefits of the services as the Group performs these services, the con- trol transfers to the customer over time. Based on this criterion, revenue is recognized over time using the input method to measure progress of the performance that is when the recoverable costs are incurred. Service charges are included gross of the related costs in revenue, as the management considers that the Group acts as principal in this respect. For practical reasons, the Group recognizes the service charge income in the consolidated statement of profit or loss at the last date of every month. The Group arranges for third parties to provide certain of these services to its tenants. The Group concluded that it acts as a principal in relation to these services as it controls the specified services before transferring them to the customer. Therefore, the Group records revenue on a gross basis.

Sales of inventory property

Revenue on sale of inventory property is recognised when a performance obligation is satisfied, which occurs when control of the property transfers to the buyer. In each case, management considers indicators to determine the point in time at which control passes to the customer, including but not limited to whether:

– the Group has a right to payment;
– the customer has obtained legal title to the asset;
– the entity has transferred possession of the asset to the customer;
– the customer has significant risks and rewards of ownership of the asset;
– the customer has accepted the asset.

Revenue on sale is recorded in the consolidated statement of profit or loss together with an adjustment for the associated costs which include cost of inventory sold and real estate agent fee. General costs of marketing and promoting of the sales are recognized when they are incurred, in the consolidated statement of profit or loss as selling expenses. Deposits and instalments received on properties prior to the transfer of control are included under current liabilities.

2.6.13 Other income

Other income includes income that is derived from activities not directly related to the main focus of business and/or has irregular nature.

2.6.14 Borrowing costs

Borrowing costs directly attributable to the acquisition and construction of investment property under construction, when accounted at cost, and inventory property that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. Capitalisation commences when: (1) the Group incurs expenditures for the asset; (2) the Group incurs borrowing costs; and (3) the Group undertakes activities that are necessary to prepare the asset for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalised is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised from the commencement of the development work until the date of practical completion, i.e., when substantially all of the development work is completed. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. For investment property under construction accounted at cost, interest is capitalized from the commencement of construction until earlier of two dates: 1) when fair value of the property can be measured reliably; 2) when substantially all of the construction is completed. Borrowing costs paid in the period are classified as investing activities for the purposes of the consolidated statement of cash flows.

2.6.15 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

3. SEGMENT INFORMATION

3.1 OPERATING SEGEMENTS

The Chief Operating Decision Maker of the Group has been identified as the Management Committee, which has been given responsibility for allocating the Group's resources between its various assets. The Management Committee has access to detailed financial reports for all the Group's assets and evaluates the performance of each on an individual basis.

The management arranged its operating segments into three operating segments: rental properties, rental property under construction and residential properties for sale. All other business activities and non-reportable business segments were combined and disclosed below in “all other segments” category.

1. “Rental Properties” consist of:

- 94% of two commercial properties City Gate in Stuttgart and Work Life Center in Hamburg, 89.9% of commercial property STRAL 3 in Berlin and 100% of commercial property SALZ 4 in Dresden;
- 100% of the commercial properties QBC 4, QBC 1,2,7, LASS 1 in Vienna. LASS 1 is reclassified to the segment upon completion of refurbishment in 2022;
- 100% of six commercial properties in Moscow: Berlin House, Geneva House, Polar Lights, Hermitage Plaza, retail areas of Arbat Multi-Use Complexes (sold on 12 December 2022) and Magistal’naya. The properties constitute disposal group at the reporting date (refer to Note 10).

Rental Properties generate rental income and incur expenses primarily for maintenance and building operations. They are predominantly comprised of office space or hotel space (STRAL3 and SALZ 4), though most of them have space dedicated to retail. The Rental Properties segment generates product or service- based recurring revenues by providing commercial premises, for which rental income is received. Generally, gross and net rents for the Segment are reflected as such in both the consolidated statement of profit or loss and accounts presented by segment.

In prior years the Company issued bonds to finance acquisitions of rental properties; therefore, these bonds as well as the interest accrued for them are presented in Rental Properties segment.

In 2017, 2019 and 2020, the Company issued interest bearing subordinated registered notes. Proceeds were in some part used to finance acquisition of rental property, therefore the notes as well as interest accrued for them, except for capitalized amount (see p.2 below), are also presented in Rental Properties segment.

2. “Rental Property under Construction”

As of 31 December 2021, the segment comprised of commercial property under construction LASS 1 in Vienna. In 2022, upon completion of construction and start of leases the asset was reclassified to Rental Properties Segment.

3. “Residential Properties for Sale”

As of 31 December 2021, the segment consisted of 100% of owned by the Group residential areas of two Arbat Multi-use Complexes in Moscow. The Group disposed of the properties in December 2022 (refer to Note 10).

4. “Other segments”

Information about other business activities and operating segments that are not reportable is combined and disclosed in an ‘other segments’ category separately from other reconciling items in the reconciliations.

3.2 REVENUES OF THE SEGMENTS

Information provided to the Management Committee is measured in a manner consistent with that in the consolidated financial statements. Revenue of the Group by operating activities for the periods is given below.

	for the year ended 31.12.2022					
in EUR	Rental properties	Rental properties under construction	Residential properties for sale	Other segments	Reconciliation adjustment: reclassification of discontinued operation	Total
Gross rental income	74,076,661	–	–	–	−46,544,479	27,532,182
Other rental expenses	−3,577,698	–	–	–	1,979,325	−1,598,373
Net rental income	70,498,963	–	–	–	−44,565,154	25,933,809
Sales of properties	–	–	3,009,072	–	−3,009,072	–
Net gain arising from the sales of properties	–	–	769,096	–	−769,096	–
Interest income	932,315	–	275,329	139,328	−1,198,572	148,400
Net foreign exchange loss	−9,064,122	–	−21,693	7,108,128	−3,855,326	−5,833,013
Revaluation of investment properties	−19,306,470	–	–	–	48,986,403	29,679,933
Finance costs	−25,723,730	−39,829	−1,523,287	−1,346,146	12,291,989	−16,341,003
Net gain from sale of subsidiaries	–		8,955,820	–	−8,955,820	–
Income tax expense	1,908,525	–	124,190	−44,432	−5,585,813	−3,597,530
Other expenses	−21,127,626	−105,553	−2,703,596	−2,584,709	522,345	−25,999,139
Net profit from discountinued operations	–	–	–	–	3,129,044	3,129,044
Net profit/ (loss) for the period	−1,882,145	−145,382	5,875,859	3,272,169	–	7,120,501

	for the year ended 31.12.2021					
in EUR	Rental properties	Rental properties under construction	Residential properties for sale	Other segments	Reconciliation adjustment: reclassification of discontinued operation	Total
Gross rental income	58,473,162	–	–	–	−37,627,892	20,845,270
Other rental expenses	−2,476,978	–	–	–	986,079	−1,490,899
Net rental income	55,996,184	–	–	–	−36,641,813	19,354,371
Sales of properties	–	–	30,239,266	–	−30,239,266	–
Net gain arising from the sales of properties	–	–	7,191,632	–	−7,191,632	–
Interest income	273,672	–	121,899	–	−352,511	43,060
Net foreign exchange loss	−1,562,572	–	−20,586	−22,438,776	1,738,024	−22,283,910
Revaluation of investment properties	21,510,130	–	–	–	13,124,795	34,634,925
Finance costs	−33,452,632	−181,720	−1,460,346	−117,501	14,396,825	−20,815,374
Income tax expense	−10,235,636	–	−810,989	−22,739	3,718,758	−7,350,606
Other expenses	−1,118,223	−312,576	−1,913,218	−1,969,757	3,622,932	−1,690,842
Net profit from discountinued operations	–	–	–	–	7,584,622	7,584,622
Net profit/ (loss) for the period	31,410,923	−494,296	3,108,392	−24,548,773	–	9,476,246

3.3 ASSETS AND LIABILITIES OF THE SEGMENTS

The Management Committee also assesses the performance of operating segments based on the results of valuation of the respective assets. The summary of significant assets and liabilities is presented below.

	Assets and liabilities valuation as of 31.12.2022			
in EUR	Rental Properties	Other Segments	Reconciliation adjustment: reclassification of disposal group	Total
Investment properties	1,382,115,509	–	–486,996,302	895,119,207
Goodwill	66,763,368	–	–42,810,896	23,952,472
Inventory	–	–	–	–
Cash & cash equivalents	64,022,125	139,673,889	–12,402,493	191,293,521
Other Assets	14,779,264	38,955,568	–4,340,618	49,394,214
Assets classified as held for sale			546,550,309	546,550,309
Total Assets	1,527,680,266	178,629,457	–	1,706,309,723
Total Liabilities	1,179,213,065	532,142	–	1,179,745,207

	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

3.4 GEOGRAPHICAL INFORMATION

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

	for the year ended 31.12.2022				
in EUR	Russia	Germany	Austria	Reclassification of segment Russia	Total
Gross rental income	46,544,478	15,322,857	12,209,325	−46,544,478	27,532,182
Net rental income	44,565,154	14,749,941	11,183,868	−44,565,154	25,933,809
Sales of residential properties	3,009,072	–	–	−3,009,072	–
Revenues of discontinued operations				47,574,226	47,574,226
Carrying amount of:					
Investment property	486,996,418	367,532,437	527,586,769	−486,996,418	895,119,207
Goodwill	42,810,896	13,524,840	10,427,633	−42,810,896	23,952,472
Included in assets held for sale	–	–	–	529,807,314	–
Total significant assets	529,807,314	381,057,277	538,014,402		919,071,679

	for the year ended 31.12.2021				
in EUR	Russia	Germany	Austria	Reclassification of segment Russia	Total
Gross rental income	37,627,891	14,197,809	6,647,461	−37,627,891	20,845,270
Net rental income	36,641,812	12,883,628	6,470,742	−36,641,812	19,354,370
Sales of residential and investment properties	30,239,266	–	–	−30,239,266	–
Revenues of discontinued operations				66,881,078	66,881,078
Carrying amount of:					
Investment property	492,952,190	365,800,000	477,308,577		1,336,060,767
Goodwill	40,272,028	13,524,839	10,427,633		64,224,500
Inventory	52,626,038	–	–		52,626,038
Total significant assets	**585,850,256**	**379,324,839**	**487,736,210**		**1,452,911,305**

3.5 MAJOR CUSTOMERS

Information on major customers of segments Rental Properties is given in Note 14.2.

4. INVESTMENT PROPERTIES

The balances and movements of investment property on a project and country 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) on 30 June 2022 and PWC (German and Austrian properties) on 31 December 2022 and 31 December 2021. DMA Valuation LLC succeeded Jones Lang LaSalle that executed valuation of Russian properties as of 31 December 2021 and in earlier periods. Refer to Note 5 for details of valuation.

4.1 THE BALANCES AND MOVEMENTS OF INVESTMENT PROPERTIES

RUSSIA

for the year ended 31.12.2022							
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	7,733	–	35,627	–	–	–	43,360
Disposals	–	–	–	–	–	−6,621,623	−6,621,623
Other	−10,886	−28,100	−149,716	−145,315	−22,070	–	−356,087
Revaluations	−5,110,309	−2,202,036	−12,810,735	−18,265,703	−202,196	−2,341,262	−40,932,241
Reclassification to assets held for sale	−128,050,009	−113,120,235	−84,771,931	−157,408,613	−3,645,630	–	−486,996,418
Effect of translation to presentation currency	7,971,436	6,867,328	9,360,132	16,403,441	344,574	963,908	41,910,819
End of period	–	–	–	–	–	–	–

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**

GERMANY

for the year ended 31.12.2022					
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
Additions from subsequent expenditure	150,000	–	–	–	150,000
Other	−45,196	−80,625	–	–	−125,821
Revaluations	2,395,196	180,625	−100,000	−767,563	1,708,258
End of period	132,300,000	91,700,000	94,900,000	48,632,437	367,532,437

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**

AUSTRIA

	for the year ended 31.12.2022						
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	–	120,474	677,983	–	19,101,130	19,899,587	20,092,947
Borrowing costs	–	–	–	–	2,406,932	2,406,932	2,406,932
Disposals	–	–	–	–	–	–	–6,621,623
Other	–	–	–	–	–	–	–481,908
Revaluations	6,900,000	4,339,526	8,252,017	200,000	8,280,131	27,971,674	–11,252,309
Reclassification to assets held for sale	–	–	–	–	–	–	–486,996,418
Effect of translation to presentation currency	–	–	–	–	–	–	41,910,819
End of period	113,800,000	56,120,000	187,040,000	21,200,000	149,426,770	527,586,769	895,119,207

	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

Notes to the tables with the balances and movements of investment properties.

- Revaluation adjustment in the tables above is disclosed both for continuing and discontinued operations.
- 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. 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 8.05 million (2021: EUR 0.63 million). The derived effect of Ruble fluctuations over US$ is set off with the effect of translation from functional to presentation currency for the purposes of the disclosure.

- Reconciliation of the revaluation in the tables in this Note to the statement of profit or loss and disclosure of the effect of currency fluctuation on a gross basis is presented below.

in EUR	Total	for the year ended 31.12.2022 Continuing operations	Discontinued operations
Net gain (loss) from revaluation of investment properties	−11,252,307	29,679,933	−40,932,240
Net loss due to effect of currency fluctuation on valuation of investment property	−8,054,163	–	−8,054,163
Total (loss)/gain on revaluation of investment property (gross)	**−19,306,470**	**29,679,933**	**−48,986,403**

in EUR	Total	for the year ended 31.12.2021 Continuing operations	Discontinued operations
Net gain (loss) from revaluation of investment properties	21,510,128	34,634,925	−13,124,797
Net loss due to effect of currency fluctuation on valuation of investment property	−626,184	–	−626,184
Total gain/(loss) on revaluation of investment property (gross)	**20,883,944**	**34,634,925**	**−13,750,981**

– The Group capitalized in the cost of rental property under construction LASS 1 interest incurred in connection to the borrowing of funds directly attributable to its acquisition and construction. The capitalization ceased after LASS 1 was put into operation in fourth quarter 2022.

4.2 RECONCILIATION OF MARKET VALUE TO CARRYING AMOUNT

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

in EUR	Market value as estimated by the external valuer	as of 31.12.2022 Deduct receivable on financial guarantees of sellers of property recognised separately	Carrying amount for financial reporting purposes
City Gate	132,300,000	–	132,300,000
WLC	91,700,000	–	91,700,000
STRAL 3	94,900,000	–	94,900,000
SALZ 4	49,500,000	−867,563	48,632,437
QBC 4	113,800,000	–	113,800,000
QBC 1	56,120,000	–	56,120,000
QBC 2	187,040,000	–	187,040,000
QBC 7	21,200,000	–	21,200,000
LASS 1	151,940,000	−2,513,230	149,426,770
Total	898,500,000	−3,380,793	895,119,207

Guarantees given by the sellers of properties are accounted for and presented in the statement of financial position separately as receivables. The carrying amount of the guarantees is deducted from market value of the investment property to avoid double count.

	as of 31.12.2021			
in EUR	Market value as estimated by the external valuer	Add land 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

4.3 GENERAL INFORMATION ABOUT INVESTMENT PROPERTIES
General information for each property is disclosed in the Note 27.

5. FAIR VALUE MEASUREMENT
5.1. VALUATION METHOD
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
TThe 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 31 December 2022 and 2021, the Group held the investment properties carried at fair value determined by the Level 3 technique. During the year ending 31 December 2022 and the year ending 31 December 2021, there were no transfers to and from Level 1&2 fair value measurements.

5.2 SUMMARY OF VALUATION ASSUMPTIOS AND VALUATION TECHNIQUES USED TO DERIVE LEVEL 3 FAIR VALUE

The table below presents the following for each investment property as follows: 31 December 2022: properties of the Group excluding disposal group; 31 December 2022: properties of the Group including those that are reclassified into disposal group in 2022:

– 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 31.12.2022	Valuation technique	Key unobservable inputs	Range (Weighted average), per sqm p.a.
			ERV	EUR 294 - EUR 300 (EUR 311)
			Discount rate	4.70%
City Gate	132,300,000	DCF	Capitalisation rate	4.05%
			ERV	EUR 240 - EUR 288 (EUR 270)
			Discount rate	4.90%
Work Life Center	91,700,000	DCF	Capitalisation rate	3.90%
			ERV	EUR 217 - EUR 235 (EUR 230)
			Discount rate	4.35%
QBC 4	113,800,000	DCF	Capitalisation rate	3.50%
			ERV	n.a.
			Discount rate	6.50%
STRAL 3	94,900,000	DCF	Capitalisation rate	4.75%
			ERV	n.a.
			Discount rate	6.60%
SALZ 4	49,500,000	DCF	Capitalisation rate	4.85%
			ERV	EUR 223 - EUR 269 (EUR 217)
			Discount rate	4.35%
QBC 1	56,120,000	DCF	Capitalisation rate	3.50%
			ERV	EUR 222 - EUR 241 (EUR 217)
			Discount rate	4.35%
QBC 2	187,040,000	DCF	Capitalisation rate	3.50%
			ERV	EUR 1.811 per unit
			Discount rate	4.60%
QBC 7	21,200,000	DCF	Capitalisation rate	3.75%
			ERV	EUR 192 - EUR 300 (EUR 205)
			Discount rate	4.75%
LASS 1	151,940,000	DCF	Capitalisation rate	3.75%

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%

5.3 SENSITIVITY ANALYSIS

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 of the German and Austrian properties to changes in the most significant unobservable inputs used in the fair value measurement categorized within Level 3

31.12.2022	Effect on fair value	
in EUR	Sensitivity used	Effect of value of rental properties
Decrease in ERV	5%	–24,010,694
Increase in discount rate	25 bps	–18,597,087
Increase in capitalisation rate	25 bps	–38,539,207

31.12.2021	Effect on fair value	
in EUR	Sensitivity used	Effect of value of rental properties
Decrease in ERV	5%	–16,196,925
Increase in discount rate	25 bps	–17,813,882
Increase in capitalisation rate	25 bps	–32,099,006

5.4 VALUATION OF INVESTMENT PROPERTIES OF DISPOSAL GROUP

As of 31 December 2022, disposal group includes all investment properties located in Russia: Berlin House, Geneva House, Hermitage, Polar Lights and Magistral'naya. They have been accounted for at fair value determined by independent appraisal every half year. On 1 November 2022, the properties were reclassified to assets held for sale in the statement of financial position (in total with liabilities and other assets, they constitute disposal group) and continued to be accounted at fair value determined by the appraisal as of 30 June 2022. The Group did not recognize any additional revaluation adjustment for the investment properties after 30 June 2022, except for the effect of foreign exchange differences for the properties with US$-denominated rental cash flows and, as a consequence, US$-denominated fair value (Berlin House and Geneva House). Refer to Note 2.5.2 for further details of the accounting treatment.

Investment property Arbat 39, owned by entity Redhill Investment Ltd. is not included in the disclosures in Note 5.4, as the entity, that was also part of the disposal group, was sold on 12 December 2022.

The table below provides summary of the valuation technique and assumptios applied to determine fair value of the properties in valuation performed by appraisals as of 30 June 2022 and relevant for 31 December 2022.

Property	Fair value	Valuation technique	Key unobservable inputs	Range (Weighted average), per sqm p.a.
			ERV	US$ 700- US$ 2,864 (US$ 1,276)
			Discount rate	12.25%
Berlin House	US$ 136,150,000	DCF	Capitalisation rate	9.00%
			ERV	US$ 700 - US$ 2,800 (US$ 875)
			Discount rate	12.25%
Geneva House	US$ 120,560,000	DCF	Capitalisation rate	9.00%
			ERV	RUB 1,594 - RUB 64,841 (RUB 21,903)
			Discount rate	14.75%
Polar Lights	RUB 6,597,430,000	DCF	Capitalisation rate	10.00%
			ERV	RUB 2,317 - RUB 129,360 (RUB 32,017)
			Discount rate	13.75%
Hermitage Plaza	RUB 12,247,150,000	DCF	Capitalisation rate	9.25%
			ERV	RUB 13,900 (RUB 13,900)
			Discount rate	16.50%
Magistral'naya	RUB 284,320,000	DCF	Capitalisation rate	11.00%

The fair value was determined using Level 3 technique. 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 sensitivity of the valuation of the investment properties of the disposal group to changes in the most significant unobservable inputs used in the fair value measurement categorized within Level 3 s given in the table below:

30.06.2022 & 31.12.2022

in EUR	Sensitivity used	Effect on value of rental properties Russia
Decrease in ERV	10%	–38,411,107
Increase in discount rate	200 bps	–33,075,174
Increase in capitalisation rate	200 bps	–55,444,924

31.12.2021

in EUR	Sensitivity used	Effect on value of rental properties Russia
Decrease in ERV	10%	–44,094,068
Increase in discount rate	200 bps	–38,547,969
Increase in capitalisation rate	200 bps	–67,925,815

Reconciliation of market (fair) value of each property to its carrying amount in the statement of financial as of 31 December 2022 is presented below.

in EUR	Market value as estimated by the external valuer as of 30 June 2022	Add land lease obligation recognised separately (in liabilities directly associated with assets classified as held for sale)	Other movements during 1 July - 31 December 2022	Carrying amount for financial reporting purposes as of 31 December 2022
Berlin House	127,762,584	285,372	2,053	128,050,009
Geneva House	113,132,994	–	–12,759	113,120,235
Polar Lights	84,826,584	–	–54,653	84,771,931
Hermitage Plaza	157,467,969	–	–59,356	157,408,613
Magistral'naya	3,655,650	–	–10,020	3,645,630
Total	486,845,781	285,372	–134,735	486,996,418

Valuation Uncertainty in Russia as of 31 December 2022, 30 June 2022 and 31 December 2021
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.

6. LOANS & ACCOUNTS RECEIVABLE

in EUR	31.12.2022	31.12.2021
Non-current loans and accounts receivable		
Loans given	38,533,530	–
Eurobonds	1,543,565	1,918,912
Receivable from sellers of investment properties	1,910,075	–
Total	41,987,170	1,918,912
Current accounts receivable		
Rental receivable	2,827,065	3,673,842
Receivable from sellers of investment properties	1,470,718	–
Receivable on sale of properties	–	774,261
Other receivable	202,780	333,661
Total	4,500,563	4,781,764
Total accounts receivable	46,487,733	6,700,676

Loans given represent loans receivable from the former group's subsidiary Redhill Investment Ltd. Refer to Note 10.4. Loans were recognized at fair value upon disposal of the subsidiary in December 2022 and are subsequently accounted for at amortised cost less impairment.

Eurobonds of different issues are owned by subsidiary SA3 (property NHow). Maturity is 2026 – 2028 year, nominal coupon rates are 2.45 – 3.75%, effective rates are 0.42 – 1.05%. The instruments are measured at fair value.

Receivable from sellers of investment properties represent financial guarantees provided by the sellers of the properties acquired in 2020 year upon finalization of settlements in 2022. The guarantees are measured at fair value:
- SALZ 4 – EUR 867 563;
- LASS1 – EUR 2 513 230 (receivable within 1 year: EUR 1 042 512; 1-2 years: EUR 1 470 718).

7. GOODWILL

				for the year ended 31.12.2022				
in EUR	Berlin House	Geneva House	Polar Lights	Hermitage Plaza	City Gate	WLC	QBC 4	Total
Goodwill								
Beginning of the period	7,800,855	3,227,342	10,922,441	18,321,390	9,491,068	4,033,771	10,427,633	64,224,500
Reclassification to assets held for sale	−8,293,450	−3,430,723	−11,610,753	−19,475,970	–	–	–	−42,810,896
Forex effect	492,595	203,381	688,312	1,154,580	–	–	–	2,538,868
End of period	–	–	–	–	9,491,068	4,033,771	10,427,633	23,952,472

				for the year ended 31.12.2021				
in EUR	Berlin House	Geneva House	Polar Lights	Hermitage Plaza	City Gate	WLC	QBC 4	Total
Goodwill								
Beginning of the period	7,196,601	2,977,026	10,075,286	16,900,367	9,491,068	4,033,771	10,427,633	61,101,752
Forex effect	604,254	250,316	847,155	1,421,023	–	–	–	3,122,748
End of period	7,800,855	3,227,342	10,922,441	18,321,390	9,491,068	4,033,771	10,427,633	64,224,500

Goodwill was recognised on the acquisition of investment properties as given above and represents the advantage of acquired entities' corporate structure optimizing the future income tax expense which can arise from potential property sales. Goodwill is tested for impairment at least annually and when circumstances indicate that the carrying value may be impaired.

Goodwill arises on acquiring an asset via a share deal, where the Group inherits the fiscal basis of the assets. As IFRS require recognition of deferred taxes on a nominal basis, while share transactions are based on market value of these taxes, a difference appeared is reflected in the goodwill.

Therefore, in this case the impairment test consists in a comparison between the accounting value of the Goodwill and the potential tax optimization existing at the date of reporting.
In 2022, goodwill associated with the disposal group (refer to Note 10) is reclassified to the assets classified as held for sale and tested for impairment jointly with other assets, net of liabilities, of the disposal group as of 31 December 2022.

As of 31 December 2022 and 2021, there are no circumstances indicating that the carrying value of goodwill may be impaired, since carrying amount of investment property as at 31 December 2022 and 2021 exceeds its value at acquisition date for each specific property.

8. INVENTORY

	for the year ended	
in EUR	31.12.2022	31.12.2021
Inventory		
Beginning of the period	52,626,038	70,066,193
Disposal	−2,239,976	−23,047,635
Disposal of subsidiary	−54,855,574	–
Effect of translation to presentation currency	4,469,512	5,607,480
End of period	–	**52,626,038**

As of 31 December 2021, inventory consists of residential properties at Arbat Multi-use complexes. Arbat projects represent two multi-use buildings of 24,630 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 31 December 2021, the Group owned the apartments with total area of approx. 5,400 sqm.

The carrying value of the inventory is measured at the lower of cost and net realisable value. As of 31 December 2021, the cost of the inventory is lower than its net realisable value. In the reporting period, the Group sold several apartments and parking lots to third parties and recognised gain on sale in the amount of EUR 0.78 million (2021: EUR 7.19 million) (Note 10).

The Group´s subsidiary Redhill Investment Ltd. that owns the Arbat properties was sold to the management as a part of disposal of the Russian segment of EPH Group. Performance of the entity is included in line Net profit from discontinued operations in the statement of profit or loss and disclosed in consolidation with the rest of the disposal group in Note 10.

9. CASH AND CASH EQUIVALENTS

in EUR	31.12.2022	31.12.2021
Cash at bank	190,161,794	84,651,389
Fiduciary deposits	–	13,090,712
Cash in transit	–	2,970
Cash and cash equivalents available	190,161,794	97,745,071
Bank overdrafts	−417	−5,190
Total cash and cash equivalents available with bank overdrafts	**190,161,377**	**97,739,881**
Restricted cash: tenants deposits	998,156	1,006,240
Restricted cash: escrow accounts	133,571	1,711,966
Total cash and cash equivalents with bank overdrafts	**191,293,104**	**100,458,087**

Cash in Euro on escrow account at notary is kept for settlement of remaining liabilities on acquisition of QBC 1,2,7 projects.
Bank overdraft is presented in line Current Borrowings in the consolidated statement of financial position. Cash balances of the entities included in disposal group are not included in the table above. They are presented in line Assets classified as held for sale in the statement of financial position and disclosed in Note 10.3.

10. DISCONTINUED OPERATION

10.1 DESCRIPTION

On 1 November 2022, shareholders granted authority to the Board of Directors to sell the entire Russian portfolio of EPH Group (six investment properties and Arbat residential apartments) including their Russian, Cyprus and German holding companies within the framework of a management buy-out and to structure the respective transactions at terms defined by the Board of Directors and which shall be in the best interest for the Company and its shareholders. The respective approval was published on the Company's web-site on that date.

Following the resolution of shareholders, as a preparatory step for the management buy-out, the Company accumulated, via inter-company sale, on the balance sheet of subsidiary Lenbury Enterprise Limited ('Lenbury') the shares of the respective subsidiaries holding the Russian portfolio (except for Redhill Investment Ltd.): the Cyprus subsidiaries holding Russian subsidiaries with properties in Russia, and participatory interest in German entities directly owning a property in Russia. The full list of intermediary parents and their subsidiaries that susbtiture the disposal group is given below (with 100% nominal and effective ownership by the Group as of 31 December 2022, except for Redhill Investment Limited).

Intermediary parent	Incorporated in	Subsidiary	Incorporation of subsidiary	Property	Commentary
Lenbury Enterprises Limited	Nicosia, Cyprus	see commentary	see commentary	n/a	Entity holds directly or indirectly 100% shares in the entities down below, except for Redhill
Housefar Limited	Nicosia, Cyprus	Inspetstroy LLC	Moscow, Russian Federation	Magistral'naya	
Idelisa Limited	Limassol, Cyprus	Philadelphia LLC	Moscow, Russian Federation	n/a	Philadelphia LLC owned land plot Scandinavia, that was sold in 2020
Redhill Investment Limited	Limassol, Cyprus	n/a	n/a	Multi-use Complex Arbat 24&29	Entity was sold on 12 December 2022. Entity operates with branch in Russia
Connecta GmbH & Co. KG	Munich, Germany	n/a	n/a	Berlin House	Entity operates with branch in Russia
EPH Real Estate Limited	Nicosia, Cyprus	EPH One LLC	Moscow, Russian Federation	Geneva House	
PNL Media Limited	Nicosia, Cyprus	Tengri LLC	Moscow, Russian Federation	Polar Lights	
Capital Estate Group Limited	Nicosia, Cyprus	Tizpribor JSC	Moscow, Russian Federation	Hermitage	
Tizpribor JSC	Moscow, Russia	TP Invest LLC	Moscow, Russian Federation	n/a	
TP Invest LLC	Moscow, Russia	Primary TIZ Ltd.	Limassol, Cyprus	n/a	Primary TIZ Ltd. has been SPV for inter-company finance
EPH One LLC (25%); JSC Tizpribor (25%); Tengri LLC (50%)	Moscow, Russia	Vox Investment Ltd.	Mauritius	n/a	Vox Investment Ltd. is a SPV, established in 2022; no operations in 2022

As a partial payment of consideration for the above acquisition Lenbury accepted the debt of the Company under the notes issued in the past years to the Company's shareholders in the amount of EUR 426.1 million (refer to Note 11) – via replacement of the Company's notes by Lenbury's notes. The remaining part of consideration in the amount of USD 46.32 million is payable over 10 years with no specified schedule. For avoidance of doubt, as of 31 December 2022, the consideration payable is inter-company balance, eliminated on consolidation.

On 19 April 2023, the Company sold 100% of shares in Lenbury under a sale and purchase agreement (the 'SPA') with a third party company owned by the Russian management of the Group. The SPA provides for the consideration of US$ 15,000. As a part of the sale, the buyers assume the Group's liabilities under the notes issued as well as Lenbury's liability to repay the deferred consideration for the acquisition of Russian portfolio as described above.

Until full repayment of the deferred consideration, the shares of the subsidiaries and Lenbury itself are pledged and the Russian properties are mortgaged in favour of the Company.
The associated assets and liabilities of the subsidiaries, being disposed under the SPA, are presented as held for sale in the consolidated statement of financial position as of 31 December 2022.

Redhill Investment Ltd., a Cyprus company owning two mixed-use properties in Moscow (residential and commercial) was sold to a third party owned by the Russian management on 12 December 2022 under a separate SPA.

All subsidiaries for sale under the SPA and the disposed entity Redhill are reported as a discontinued operation in the consolidated statement of profit or loss. Financial information relating to the discontinued operation for the periods 2022 and 2021 is presented below.

10.2 FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION
The information in the tables below is presented excluding inter-company transactions.

	Note	for the year ended	
in EUR		31.12.2022	31.12.2021
Rental income			
Gross rental income		46,544,478	37,627,892
Service charge income		9,485,714	7,232,427
Property operating and maintenance expenses		−11,465,038	−8,218,506
Net rental income		**44,565,154**	**36,641,813**
Gains and losses arising from the sales of properties			
Sales of properties		3,009,072	30,239,266
Cost of sales		−2,239,976	−23,047,634
Net gain arising from the sales of properties		769,096	7,191,632
Other expenses		−5,470,358	−4,682,264
Revaluation of investment properties		−48,986,403	−13,750,981
Other income		4,948,014	1,059,332
Net operating (loss)/profit from discontinued operation		**−4,174,497**	**26,459,532**
Interest income		1,198,572	352,511
Finance cost		−12,291,989	−14,396,825
Net foreign exchange gain/(loss)		3,855,324	−1,111,838
(Loss)/Profit before tax		**−11,412,589**	**11,303,380**
Income taxes		5,585,813	−3,718,758
Net (loss)/profit after income tax of discontinued operations		**−5,826,776**	**7,584,622**
Gain on sale of the subsidiary after income tax		8,955,820	
Net profit for the period from discontinued operations		3,129,044	7,584,622
Gain/(loss) on currency translation differences		45,568,404	27,971,382
Other comprehensive gain from discontinued operation		**45,568,404**	**27,971,382**

in EUR	for the year ended	
	31.12.2022	31.12.2021
Net cash inflow from operating activities	34,323,283	72,133,439
Net cash outflow for investing activities	−4,093,334	−514,182
Net cash outflow from financing activities	–	–

10.3 ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

The following assets and liabilities are classified as held for sale in relation to the discontinued operation as of 31 December 2022.

in EUR	Note	31.12.2022
Assets classified as held for sale		
Investment properties	4	486,996,302
Goodwill	7	42,810,896
Accounts receivable		1,964,538
Other assets		2,376,080
Cash & cash equivalents		12,402,493
Total assets of disposal group held for sale		**546,550,309**
Liabilities directly associated with assets classified as held for sale		
Borrowings	11	433,528,397
Deferred tax liabilities	19	85,486,000
Accounts payable and accrued expenses		2,959,307
Other liabilities		21,435,104
Total liabilities of disposal group held for sale		**543,408,809**

As of 31 December 2022, the entities of disposal group did not hold cash deposits in Russian State banks under international sanctions. On 25 February 2023, Alfa bank was included into the list of banks subject to full EU sanctions. Accordingly, management transferred cash from the accounts in Alfabank to accounts in other bank (EUR 3.06 million as of 31 December 2022). Borrowings include liability on notes issued to shareholders of the Group for the amount EUR 426.10 million (maturity in December 2024, 1.5%; 1.7%; 3.5% p.a.) and liability on loans of the entities in disposal group received from the former subsidiary Redhill Investment Ltd. for EUR 7.43 million.

10.4. DETAILS OF SALE OF SUBSIDIARY REDHILL INVESTMENT LTD

in EUR	12.12.2022
Consideration received or receivable:	
Cash	1
Total disposal consideration	1
Carrying amount of net liabilities sold	22,603,517
Gain on sale before income tax and reclassification of CTA	**22,603,518**
Reclassification of CTA	–13,647,698
Income tax expense	–
Gain on sale after income tax	**8,955,820**

The carrying amount of assets and liabilities, excluding balances with the Group, as of the date of sale (12 December 2022) were:

in EUR	12.12.2022
Investment property	6,621,623
Loans and receivables given to EPH Group	7,412,588
Inventory	54,855,574
Other assets	665,155
Cash & cash equivalents	4,049,973
Total assets	73,604,913
Borrowings	30,843,895
Borrowings and payables owed to EPH Group	61,270,804
Payables	2,952,403
Deferred tax liability	1,141,328
Total liabilities	96,208,430
Net liabilities	–22,603,517

At the date of disposal and at reporting date, Redhill Investment Ltd. had loans provided by EPH PLC in the past for the amount EUR 61.27 million; receivables from the Group include loans given by other subsidiaries of the Russian segment of the Group in the past for the amount EUR 7.41 million, also outstanding as of 31 December 2022. In the reporting period, the Group recognized impairment loss allowance on the loan in the amount EUR 22.6 million. The loss is presented in the continuing operations in the statement of profit or loss.

Gain on disposal amounted to EUR 8.96 million, net of negative effect from reclassification of accumulated currency translation differences attributable to the entity from CTA reserve for the amount EUR 13.65 million.

11. BORROWINGS

in EUR	31.12.2022	31.12.2021
Borrowings (long term)		
Bonds issued	167,425,000	401,238,406
Notes payable	–	267,100,055
Bank loans	166,279,021	167,110,327
Other loans	10,181,933	6,000,952
Total	343,885,954	841,449,740
Borrowings (short term)		
Bonds issued	247,455,420	3,277,267
Notes payable	–	56,000,011
Bank loans	987,346	899,964
Other loans	556,258	32,126,454
Bank overdrafts	417	5,190
Total	248,999,441	92,308,886

11.1 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 2.5.1.

11.2 NOTES PAYABLE

As of 31 Decemebr 2021, notes payable consist of the subordinated EUR-denominated notes issued by the Company to its shareholders in prior periods. In December 2022, the notes issued by the Company(EUR 426.10 million) were replaced by the notes issued by the Company´s subsidiary Lenbury Enterprises Limited which is included into disposal group. Accordingly, the respective liabilities are included in the line Liabilities directly associated with assets classified as held for sale of the consolidated statement of financial position. Maturity of the newly issued notes is December 2024. Refer to 10.

11.3 BANK LOANS

in EUR					31.12.2022	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)	99,666,051	99,620,000
UniCredit - SALZ4 loan	EUR	1M EURIBOR +1,05%	Dec. 2029	(3)	15,928,750	16,808,093
Total					166,279,021	167,110,327
Short-term bank loans						
UniCredit - SALZ4 loan	EUR	1M EURIBOR +1,05%		(3)	987,346	899,964
Total					987,346	899,964

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

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 shares of QBC Immobilien GMBH & CO Omega KG , QBC Immobilien GMBH & CO Alpha KG and 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.

11.4 OTHER LOANS

Other loans comprise of the following liabilities.
– Loans from non-controlling shareholders of German subsidiaries of the Group (WLC, City Gate and SA23 Media) with the total carrying amount of EUR 10.74 million, of which EUR 0.56 million is short-term (31 December 2021: EUR 10.53

million, of which EUR 4.53 million is short-term). Interest rates are fixed at 4.26% and 4.5%. Loans are repayable in December 2025 (EUR 4.18 million), October 2026 (EUR 1.30 million) and December 2031 (EUR 4.70 million).

– Loan with the carrying amount of EUR 30.74 million as at 31 December 2021 was derecognized upon sale of the borrower, subsidiary Redhill Investment Ltd (Note 10).

11.5 CHANGES IN THE BALANCE OF BORROWINGS

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	–13,184,922	90,960,781	–3,623,109	74,152,750
Non-cash movements:	–	–	–	–
Interest accruals	13,203,554	12,039,153	4,626,960	29,869,667
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	–	716,572	10,693,003
Currency translation adjustment (CTA)	–	–	1,006,491	1,006,491
Disposal of subsidiary	–	–	–23,431,657	–23,431,657
Balance as of 31 December 2022	414,880,420	426,100,000	185,432,954	1,026,413,374
including:				
borrowings of disposal group	–	426,100,000	7,428,397	433,528,397

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	–23,703,864	–9,286,179	–11,326,447	–44,316,490
Non-cash movements:	–	–	–	–
Interest accruals	23,896,397	9,383,611	4,477,867	37,757,875
Foreign exchange difference	–	–26,138,851	–	–26,138,851
Currency translation adjustment (CTA)	31,367,349	26,041,395	2,009,622	59,418,366
Balance as of 31 December 2021	**404,515,673**	**323,100,066**	**206,137,697**	**933,753,436**

Interest accruals include both interest recognized as finance cost in the Consolidated statement of profit or loss and interest capitalized in the value of the investment property under construction. Refer to Notes 4.1 and 18. Cash flows, net, presented in the table, do not include interest paid on cash balances in banks for the amount EUR 1.28 million (2021: EUR 2.51 million).

12. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities are presented below:

in EUR	31.12.2022	31.12.2021
Non-current liabilities		
Tenant deposits	1,064,153	6,876,935
Deferred revenue	319,053	2,367,412
Land lease liabilities	–	289,555
Total	1,383,206	9,533,902
Current liabilities		
Payables for acquired properties at FVTPL	133,571	3,018,266
Trade payables and accrued expenses	1,648,798	2,613,898
Payables to construction suppliers	2,852,427	950,065
Payables and accrued expenses with related parties	272,790	151,406
Tenant deposits	–	992,672
Deferred revenue	42,481	321,634
Total	4,950,067	8,047,941
Total accounts payable and other liabilities	6,333,273	17,581,843

The balances of tenant deposits consist of the tenant security deposits refundable within a year after the reporting date (current) and after a year from the reporting date (non-current).

Deferred revenue relates to the current and non-current tenant deposits described above.

Lease liabilities

Lease liabilities represent obligations of the Group's subsidiary Connecta KG Moscow branch in relation to rent payments to the city of Moscow for lease of the land under Berlin House as of 31 December 2021. As at 31 December 2022, the lease liabilities are reclassified to liabilities directly associated with assets held for sale.

13. ADVANCES RECEIVED

in EUR	31.12.2022	31.12.2021
Advances received from tenants	262,362	8,763,129
Advances on sale of properties	–	2,056,811
Advances received from related parties	–	9,953
Total	262,362	**10,829,893**

14. NET RENTAL INCOME

14.1 RENTAL INCOME

The breakdown of Rental Income on an asset by asset basis is presented below:

GERMANY

	for the year ended 31.12.2022				
in EUR	City Gate	WLC	STRAL 3	SALZ 4	Total Germany
Gross rental income	4,589,805	3,797,194	4,419,700	2,516,158	15,322,857
Service charge income	1,568,068	971,238	–	69,600	2,608,906
Property operating and maintenance expenses	−1,344,826	−1,242,404	−328,601	−265,991	−3,181,822
Utilities	−308,813	−356,488	–	−14,709	−680,010
Property operating expenses	−685,459	−333,588	−100,445	−67,435	−1,186,927
Repair and maintenance costs	−221,480	−481,132	−148,878	−148,641	−1,000,131
Ground rents paid	–	–	–	–	–
Non-income taxes	−129,074	−71,196	−79,278	−35,206	−314,754
Net rental income	4,813,047	3,526,028	4,091,099	2,319,767	14,749,941

	for the year ended 31.12.2021				
in EUR	City Gate	WLC	STRAL 3	SALZ4	Total Germany
Gross rental income	4,490,352	3,413,981	4,230,712	2,062,764	14,197,809
Service charge income	1,032,115	804,255	–	85,677	1,922,047
Property operating and maintenance expenses	−1,445,589	−1,192,904	−380,820	−216,915	−3,236,228
Utilities	−328,199	−331,971	–	−12,209	−672,379
Property operating expenses	−563,685	−405,401	−82,550	−73,885	−1,125,521
Repair and maintenance costs	−423,059	−386,588	−218,993	−95,615	−1,124,255
Ground rents paid	–	–	–	–	–
Non-income taxes	−130,646	−68,944	−79,277	−35,206	−314,073
Net rental income	**4,076,878**	**3,025,332**	**3,849,892**	**1,931,526**	**12,883,628**

AUSTRIA

for the year ended 31.12.2022								
in EUR	QBC 4	QBC 1	QBC 2	QBC 7	LASS 1	Reconciliations (inter-company)	Total Austria	Total Group
Gross rental income	3,734,529	1,834,762	5,282,117	1,237,317	562,561	−441,961	12,209,325	27,532,182
Service charge income	1,251,625	495,770	1,340,988	363,435	345,913		3,797,731	6,406,637
Property operating and maintenance expenses	−1,250,391	−537,392	−1,755,386	−1,164,837	−557,143	441,961	−4,823,188	−8,005,010
Utilities	−465,213	−256,417	−705,221	−20,831	−52,050		−1,499,732	−2,179,742
Property operating expenses	−632,520	−181,821	−749,772	−576,686	−498,007		−2,638,806	−3,825,733
Repair and maintenance costs	−141,922	−98,156	−296,946	−120,458	–		−657,482	−1,657,613
Ground rents paid	–	–	–	−441,961	–	441,961	–	–
Non-income taxes	−10,736	−998	−3,447	−4,901	−7,086		−27,168	−341,922
Net rental income	3,735,763	1,793,140	4,867,719	435,915	351,331	–	11,183,868	25,933,809

for the year ended 31.12.2021							
in EUR	QBC 4	QBC 1	QBC 2	QBC 7	Reconciliations (inter-company)	Total Austria	Total Group
Gross rental income	3,484,999	678,905	1,386,207	1,097,391	−42	6,647,461	20,845,270
Service charge income	1,179,479	483,032	1,413,355	793,789	−340,900	3,528,755	5,450,802
Property operating and maintenance expenses	−1,121,418	−437,898	−1,296,657	−1,141,440	291,940	−3,705,473	−6,941,701
Utilities	−359,250	−187,597	−522,180	−82,664		−1,151,690	−1,824,069
Property operating expenses	−662,807	−156,471	−518,294	−887,707	291,940	−1,933,339	−3,058,860
Repair and maintenance costs	−90,937	−93,830	−256,184	−171,069		−612,020	−1,736,275
Ground rents paid	–	–	–		–	–	–
Non-income taxes	−8,424	–	–	–	–	−8,424	−322,497
Net rental income	3,543,060	724,039	1,502,905	749,741	−49,002	6,470,742	19,354,370

14.2 MAJOR TENANTS OF THE GROUP

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

	for the year ended	
	31.12.2022	31.12.2021
Nhow (SA3)	15%	20%
BDO (QBC4)	10%	13%
Innside by Melia (SALZ4)	9%	10%
Performance Media (WLC)	6%	7%
Land Baden-Württemberg (City Gate)	5%	6%

The following table represents the rental income to be received by the Group in future periods under leases currently in effect. The data is given excluding leases of discontinued operations.

in EUR	31.12.2022	31.12.2021
Less than 1 year	39,639,844	30,115,038
From 1 year to 5 years	148,237,129	116,753,648
More than 5 years*	202,688,919	177,001,141
Total	390,565,892	323,869,827

The income on leases with BDO at QBC 4, unlimited in term, is included in the table above for the period up to December 2043, when the Group shall be entitled to increase the basic rate up to a fair market rate for similar rental property.

15. ADMINISTRATIVE AND SELLING EXPENSES

	for the year ended	
in EUR	31.12.2022	31.12.2021
Professional and administration fees	2,639,304	1,955,109
Salaries and social charges	64,631	51,964
Total	2,703,935	2,007,073

16. OTHER INCOME

	for the year ended	
in EUR	31.12.2022	31.12.2021
Income on adjustment of purchase price of investment property	43,382	1,044,455
Release of RETT tax provision at SG4 Dresden	–	1,106,638
Reverse of impairment for Eurobonds	136,823	–
Other miscellaneous income	943,797	669,334
Total	1,124,002	2,820,428

In 2021, the Group agreed with the former owners of investment property WLC on adjustment of the final purchase price for the amount EUR 1.04 milliom. The property was acquired in 2017 year in business combination. Upon receipt of cash, the Group recognized income on adjustment in the statement of profit or loss. In 2022, respective income relates to the property SALZ 4.

Other miscellaneous income includes insurance payments and other items of irregular nature.

17. OTHER EXPENSES

in EUR	for the year ended 31.12.2022	31.12.2021
Other taxes and duties	104,848	98,512
Depreciation	2,738	2,868
Impairment of Eurobonds	–	465,317
Other miscellaneous expenses	128,126	498,398
Total	235,712	1,065,095

18. FINANCE COSTS

in EUR	for the year ended 31.12.2022	31.12.2021
Interests on bonds issued	13,203,554	23,896,397
Interest on notes payable	9,696,387	6,174,411
Interest on loans payable	1,944,302	1,882,328
Interest on bank loans	2,664,729	2,595,539
Bank charges	926,963	522,903
Other finance cost	197,057	140,621
Allocation of interest on corporate debt to discountinued operations	−9,696,387	−12,732,705
Finance cost directly attributable to discontinued operations	−2,595,602	−1,664,120
Total	16,341,003	20,815,374

Total interest on notes payable in the reporting period amounted to EUR 11.27 million (2021: EUR 9.38 million), including EUR 8.86 million (2021: EUR 6.17 million) recognized in statement of profit or loss as interest expense and EUR 2.4 million (2021: EUR 3.21 million) capitalized in the investment property LASS 1 (refer to Note 4.1) Bonds and notes were issued by the company, EPH PLC ('the corporate debt'). The funds were utilized by the subsidiaries of the Group via intra-group finance. In the current period and the year ended 31 December 2021, management allocated interest expense on the corporate debt to discontinued operations based on ratio 42% (discontinued operations) / 58% (continuing operations), which best reflects actual utilization of the funds by the respective operations of the Group.

19. TAXATION

Before 7 February 2022, the Company was domiciled in the British Virgin Islands (BVI), and organised as a Business Corporation, which is tax exempt in the BVI. Therefore, profits were accumulated and paid out free of any corporate tax or withholding tax. Since 7 February 2022, the Company re-domiciled to the Republic of Cyprus.

TAXATION IN GERMANY

The Group's subsidiaries in Germany are liable for the following major taxes in Germany:

– 15.825% – 31.93% income tax payable on the taxable profit calculated as the difference between rental income and tax deductible expenses incurred by the companies in connection with the permanent establishment;
– land tax on tax value of the land at rate established by local authorities on an individual basis.

TAXATION IN AUSTRIA

The Group's subsidiaries in Austria are liable for the following major taxes in Austria:

– 23% (2021: 25%) corporate income tax payable on the taxable profit calculated as the difference between rental income and tax d ductible expenses incurred by the companies in connection with the permanent establishment;
– Property tax (real estate tax) levied on the assessed value of real estate property. It is levied at a basic federal rate, multiplied by a municipal coefficient. The basic federal rate is 2% and the municipal coefficient of 500%.

TAXATION IN CYPRUS

The Group's subsidiaries in Cyprus are liable for income tax in Cyprus at 12.5% rate payable on the taxable profit calculated as the difference between taxable income and tax deductible expenses incurred by the companies in connection with the permanent establishment.

TAXATION IN RUSSIA (DISCONTINUED OPERATIONS)

The Group's subsidiaries in Russia are liable for the following major taxes in the Russian Federation:

- 20% payable on the taxable profit calculated as the difference between rental income and tax deductible expenses incurred by the companies in connection with the permanent establishment (therefore the Russian corporate tax rate is used for income tax reconciliation);
- The dividends are subject to income tax at 15% rate
- Property tax is calculated on the base of cadastral value of the properties. The rate of tax is set by reginal authorities on a regular basis; for the Group's properties the rates are equal to 1.9% in 2022, 1.8% in 2021

Income taxes

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

	for the year ended	
in EUR	31.12.2022	31.12.2021
Current income tax expense	−7,081,700	−6,909,120
Deferred income tax benefit/(expense)	9,069,983	−4,160,243
Total income tax benefit/(expense)	**1,988,283**	**−11,069,363**
Attributable to continuing operations		
Current income tax expense	−139,459	−48,997
Deferred income tax expense	−3,458,071	−7,301,608
	−3,597,530	−7,350,605
Attributable to discontinued operations		
Current income tax expense	−6,942,241	−6,860,123
Deferred income tax benefit	12,528,054	3,141,365

Reconciliation between income tax expense/benefit and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2022 and 2021 is given below.

	for the year ended	
in EUR	31.12.2022	31.12.2021
Profit / (loss) before tax attributable to		
Continuing operations	7,588,987	9,242,230
Discontinued operations	−2,456,769	11,303,380
Profit before tax	**5,132,218**	**20,545,610**
Income tax at applicable tax rate (2022: refer to the table below; 2021: 20%)	−2,910,203	−4,109,120
Effect of non-deductible expenses net of non-taxable income	−404,158	−2,572,015
Adjustment to income tax related to prior periods	−2,934,431	1,103,508
Recognition of previously unrecognised deferred tax assets	6,307,060	−470,223
Effect of tax rates in other jurisdictions	1,930,015	−5,021,513
Income tax benefit/ (expense)	**1,988,283**	**−11,069,363**

In 2022, average effective tax rate for the Group is -39% (2021: 54%). The breakdown of applicable tax rates for 2022, is given below:

in EUR	for the year ended 31.12.2022				
	Austria	Germany	Cyprus	Russia (Discontinued operations)	Total
Portion of profit/(loss) before tax attributable to jurisdiction for the purposes of reconciliation of income tax rate	30,523,951	7,305,051	−16,968,078	−15,726,601	5,134,323
Applicable tax rate for a jurisdiction	23.00%	15.83%	12.50%	20.00%	–
Income tax at applicable tax rate	−7,020,509	−1,156,024	2,121,010	3,145,320	−2,910,203
Effect of non-deductible expenses net of non-taxable income	2,482,642	427,892	−2,162,037	−1,152,655	−404,158
Adjustment to income tax related to profits of prior periods	−4,676,690	77,606	–	1,664,653	−2,934,431
Recognition of previously unrecognised deferred tax assets on tax losses carried forward	6,307,060	–	–	–	6,307,060
Effect of tax rates in other jurisdictions	–	1,520	–	1,928,495	1,930,015
Income tax benefit/ (expense)	**−2,907,497**	**−649,006**	**−41,027**	**5,585,813**	**1,988,283**
Actual income tax rate	**10%**	**9%**	**(0%)**	**36%**	**(39%)**

Deferred tax assets and liabilities and their movement in the reporting and prior periods are disclosed in the tables below:

in EUR	As of 1 January 2022	Disposal of subsidiary	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	CTA	As of 31 December 2022
Deferred tax assets						
Due to losses available for offset against future taxable income	2,745,217	−214,840	9,218,796	–	248,068	11,997,241
Due to change in FV of financial assets at FVOCI	7,599	–	19,228	−1,563	–	25,264
Net against deferred tax liability	−2,324,632	–	−9,159,831	–	–	−11,484,463
Deferred tax assets recognised	**428,184**	**−214,840**	**78,193**	**−1,563**	**248,068**	**538,042**
attributed to						
continuing operations	7,599	–	19,228	−1,563	–	25,264
disposal group	420,585	−214,840	58,965	–	248,068	512,778
Deferred tax liability						
Due to fair value adjustment to investment property	−124,430,812	1,356,169	−168,041	–	−9,845,361	−133,088,045
Net against deferred tax asset	2,324,633	–	9,159,831	–	–	11,484,464
Deferred tax liabilities recognised	**−122,106,179**	**1,356,169**	**8,991,791**	**–**	**−9,845,361**	**−121,603,580**
attributed to						
continuing operations	−32,639,003	–	−3,477,299	–	−1,279	−36,117,581
disposal group	−89,467,177	1,356,169	12,469,090	–	−9,844,082	−85,486,000
Deferred tax liabilities net	**−121,677,995**	**1,141,329**	**9,069,984**	**−1,563**	**−9,597,293**	**−121,065,538**
attributed to						
continuing operations	−32,631,404	–	−3,458,071	−1,563	−1,279	−36,092,317
disposal group	−89,046,592	1,141,329	12,528,055	–	−9,596,014	−84,973,222

in EUR	As of 1 January 2021	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	CTA	As of 31 December 2021
Deferred tax assets					
Due to losses available for offset against future taxable income	2,093,071	546,741	–	105,405	2,745,217
Due to change in FV of financial assets at FVOCI	–		7,599	–	7,599
Net against deferred tax liability	−1,689,658	−453,702	–	−181,272	−2,324,632
Deferred tax assets recognised	**403,413**	**93,039**	**7,599**	**−75,867**	**428,184**
attributed to					
continuing operations	–	–	7,599	–	7,599
disposal group	403,413	93,039	–	−75,867	420,585
Deferred tax liability					
Due to fair value adjustment to investment property	−112,410,171	−4,706,984	–	−7,313,657	−124,430,812
Net against deferred tax asset	1,689,658	453,702	–	181,273	2,324,633
Deferred tax liabilities recognised	**−110,720,513**	**−4,253,282**	**–**	**−7,132,384**	**−122,106,179**
attributed to					
continuing operations	−25,337,395	−7,301,608	–	–	−32,639,003
disposal group	−85,383,119	3,048,326	–	−7,132,384	−89,467,177
Deferred tax liabilities net	**−110,317,100**	**−4,160,243**	**7,599**	**−7,208,251**	**−121,677,995**
attributed to					
continuing operations	−25,337,395	−7,301,608	7,599	–	−32,631,404
disposal group	−84,979,706	3,141,365	–	−7,208,251	−89,046,592

Tax losses have been recognised as a Deferred Income Tax Asset as it is probable that taxable profit will be available against which the unused tax losses can be utilised. As of 31 December 2022, the available tax losses capable of being carried forward can be offset against taxable profits.

As of 31 December 2022 have unrecognized deferred tax assets for the amount EUR 2.09 million (31 December 2021 EUR 2.87 million).

Deferred tax liabilities represent temporary differences resulting from excess of fair values of properties City Gate, Work Life Center, QBC 1,2,4,7, Lass 1, Berlin House, Geneva House, Polar Lights, Hermitage Plaza over their tax values.

20. EARNINGS PER SHARE

Basic Earnings per Share amounts are calculated by dividing Net Profit/Loss for the Year Attributable to Equity Holders of the Company by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the Basic and Diluted Earnings per Share computations:

in EUR	31.12.2022	31.12.2021
Earnings per share		
Net (loss)/profit attributable to shareholders	6,685,448	8,566,629
Weighted average number of ordinary shares outstanding	14,321,074	14,324,481
Earnings per share (EUR per share)	0.47	**0.60**

21. SHAREHOLDERS' EQUITY

21.1 AUTHORIZED CAPITAL

Art. 5 of the Company's Memorandum of Association, as amended by the resolutions of the shareholders, provides for an authorised capital which entitles the Board of Directors to issue a total of 21,000,000 registered ordinary shares without par value and 1,000,000 registered Series A preferred shares without par value.

	Number of ordinary shares		Number of series A preferred shares	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Authorised capital				
Total authorised capital	21,000,000	21,000,000	1,000,000	1,000,000
Opening balance unissued authorised capital	6,590,978	11,025,978	1,000,000	1,000,000
Conversion to ordinary shares	–	–4,435,000	–	–
Closing balance unissued authorised capital with par value	6,590,978	6,590,978	1,000,000	1,000,000

	Number of ordinary shares		Number of series A preferred shares	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Issued share capital with par value				
Opening balance	14,409,022	14,409,022	–	–
Closing balance	14,409,022	14,409,022	–	–

	Number of treasury shares	
	31.12.2022	31.12.2021
Treasury shares		
Opening balance	84,741	83,022
Purchase	4,835	1,781
Sales	11	62
Closing balance	89,565	84,741

21.2 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 par value US$ 1.00 to each ordinary share and each preferred share. Accordingly, share capital of the Company was amended to par value of 14 409 022 ordinary issued shares, that is US$14.41 million, and the excess over this amount of US$739.12 million was reclassified to share premium.

21.3 SHARE ISSUE

On 22 December 2021, 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 2.4.2). 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 for the period 1 January 2021 through to 31 December 2021 were also translated at this rate. As of 31 December 2021, issued share capital of the Company consists of 14,409,022 ordinary shares with par value, totaling EUR 12.72 million; share premium amounts to EUR 669.40 million.

21.4 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. In 2022, the state authorities registered share capital in EUR. Upon registration, respective entries were 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.

21.5 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.

21.6 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.

21.7 DIVIDENDS

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

22. RELATED PARTY TRANSACTIONS

22.1 SUBSIDIARIES

The consolidated financial statements include the financial statements of the Company and the subsidiaries. The Company’s holdings in all subsidiaries are listed in the Corporate Governance part of the report, section 1. Group structure and shareholders. The Company’s intermediary holding companies are listed in the table below:

			% Holding	
Name of subsidiary	Incorporated in	Relation to disposal group	31.12.2022	31.12.2021
Lenbury Enterprises Limited	Nicosia, Cyprus	included	100%	0%
Housefar Limited	Nicosia, Cyprus	included	100%	100%
Idelisa Limited	Limassol, Cyprus	included	100%	100%
Redhill Investment Limited	Limassol, Cyprus	included	0%	100%
Connecta GmbH & Co. KG	Munich, Germany	included	100%	100%
EPH Real Estate Limited	Nicosia, Cyprus	included	100%	100%
PNL Media Limited	Nicosia, Cyprus	included	100%	100%
Capital Estate Group Limited	Nicosia, Cyprus	included	100%	100%
Lexworth Finance Limited	Nicosia, Cyprus		100%	100%
Ferran Limited	Nicosia, Cyprus		100%	100%
Setford Limited	Nicosia, Cyprus		100%	100%
Andorian Beteiligungsverwaltungs GmbH	Vienna, Austria		100%	100%
QBC BT IV Alpha GmbH	Vienna, Austria		100%	100%
QBC BT IV Beta GmbH	Vienna, Austria		100%	100%
Obewan Beteiligungsverwaltungs GmbH	Vienna, Austria		100%	100%
Ophuhus Beteiligungsverwaltungs GmbH	Vienna, Austria		100%	100%
Obewan GmbH &Co	Vienna, Austria		100%	100%
Asura Holding S.a.r.l.	Luxembourg		100%	100%
SG4 Dresden Holding GmbH	Frankfurt am Main, Germany		100%	100%
QBC 1,2,7 Holding	Vienna, Austria		100%	100%
QBC Immomanagement SP Alpha GmbH	Vienna, Austria		100%	100%
QBC Immomanagement SP Omega GmbH	Vienna, Austria		100%	100%
QBC Immobilien GmbH	Vienna, Austria		100%	100%

Lenbury Enterprises Limited was acquired in the reporting period. Refer to Note 10.1. Redhill Investment Limited was sold to third parties in the reporting period. Refer to Note 10.4. Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this Note.

22.2 CATEGORIES OF RELATED PARTIES OF THE GROUP

Related parties include shareholders, 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. The Company issued subordinated registered notes to it shareholders in prior and reporting periods. In 2022, the liability on notes was assigned from the Company to subsidiary Lenbury Enterprises Limited (Notes 10.3 and 11.2).

The real estate activities of the Company are managed by subsidiaries of Valartis Group AG. Employees of Valartis Group are members of the Management Committee and Board of Directors of the Company. Several managers of Valartis are also directly hired as entity-level top management in the subsidiaries of the Group.

Nature of transactions with Valartis Group

Real estate management agreements

The management of the Group is provided by the entities of Valartis Group on the base of the real estate management agreements, concluded with the Company and its subsidiaries.

Other transactions

- Valartis Group's entity rented out office space to Redhill Investment Limited;
- Valartis Group's entities lease office space at Berlin House owned by Connecta KG and at Polar Lights owned by Tengri LLC;
- Valartis Group's entity concluded the agreement for administrative and consulting services to German and Austrian subsidiaries of the Company starting 2020 year ;
- Valartis Group's entity delivers various financial consulting and administrative services to the Company on specific cases (acquisitions of projects, refinancing of debt).

The services and rents are provided on market terms.

22.3 BALANCES WITH RELATED PARTIES

The Group's related party balances as of 31 December 2022 and 31 December 2021 consisted of the following:

in EUR	31.12.2022	31.12.2021
Other related parties:		
Accounts payable and accrued expenses	−328,080	−151,406
Accounts receivable	–	1,135
Advances received	–	−9,953
Liabilities directly associated with assets held for sale	−68,736	–
Shareholders:		
Borrowings	–	−323,100,066
Liabilities directly associated with assets held for sale	−426,100,000	–

22.4 TRANSACTIONS WITH RELATED PARTIES

The Group's transactions with related parties for the period ended of 31 December 2022 and 2021 consisted of the following:

	for the year ended	
in EUR	31.12.2022	31.12.2021
Other related parties:		
Continuing operations		
Management fees	−1,579,975	−1,439,103
Discontinued operations		
Gross rental income	345,258	311,481
Management fees	−2,003,194	−1,941,757
Other expenses	−9,993	−9,878
Salaries	−342,811	−267,950
Shareholders:		
Finance costs	−9,696,387	−6,174,411

22.5 TRANSACTIONS AND BALANCES WITH KEY MANAGEMENT PERSONNEL

Compensation to the board of directors amounted to EUR 268.1 thousand in the reporting period (2021: EUR 241.6 thousand). It is presented in line Administrative expenses in the statement of profit or loss. Compensation prepaid as at 31 December 2022 amounts to EUR 71.7 thousand (31 December 2021: EUR 63.6 thousand). It is presented in line Prepayments in the statement of financial position.

Board of the directors:

- Member of the Board Tomasz Dukala has been delivering strategic advisory services to EPH PLC since March 2019. His fee is presented in line Administrative expenses in the statement of profit or loss (2022: EUR 30 thousand; 2021: EUR 30 thousand).
- Member of the Board Annamaria Vassiliades has interests in the entity that has been delivering administrative and accounting services to Cypriot subsidiaries of the Company since November 2019. Related expenses are reflected in line Administrative expenses in the statement of profit or loss. Annamaria Vassiliades has resigned as Board Member in April 2023.

23. CONTINGENCIES AND COMMITMENTS

23.1 LEGAL PROCEEDINGS

From time to time and in the normal course of business, claims against the Group are received. On the basis of its own estimates and both internal and external professional advice, management is of the opinion that there are no current legal proceedings or other claims outstanding that could have a material effect on the results of operations or financial position of the Group which have not been disclosed in these consolidated financial statements.

23.2 PLEDGES

The Group's assets are pledged to secure borrowings of the Group (refer to Note 11):

- Shares in subsidiaries QBC Immobilien GmbH&Co Delta KG, QBC Immobilien GMBH & CO Omega KG, QQBC Immobilien GMBH & CO Alpha KG;
- Investment property for the total amount of EUR 291.79 million (31 December 2021: EUR 300.17 million);
- Current rental receivables for the amount of EUR 0.44 million and future rental receivables of investment properties SALZ 4 and QBC 1 & 2 (31 December 2021: EUR 0.85 million).

During the current period, the Group did not breach any of its loan covenants, nor did it default on any of its obligations under its loan agreements.

23.3 CAPITAL COMMITMENTS

In June 2020, the Group signed a general construction agreement for the amount of EUR 50 million for construction and refurbishment works at newly acquired property LASS 1 in Vienna. EUR 2.13 million are outstanding as of 31 December 2022.

23.4 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 had been increasingly affected by the ongoing conflict as approximately 44% of the Group's asset value and 64% of revenues were located in Russia. The uncertainty over the future economic and political developments as well as the Russian economy have led the Board of Directors to the conclusion to dispose of the entire Russian property portfolio. On 1 November 2022, the shareholders granted authority to the Board to sell it within the framework of a management buy-out. Refer to Note 10.1 for detal. On 19 April 2023, the Company signed the sale and purchase agreement with the buyer for sale of the Russian properties (excluding Redhill Investment Ltd, that was sold earlier, on 12 December 2022, under the same framework). Disposal of the Russian operations will have a positive impact on the Group's exposure to business, economic and political risks coming from the Russian operating environment, limiting it to the credit risk of the deferred consideration from the buyer (US$ 46.32 million) and remaining loans receivable from the former Russian subsidiaries. Group's operations in Western Europe are independent from the Russian segment in terms of cash flows and operate unaffected by the situation, demonstrating stable performance over the years.

23.5 CURRENT DEBT REFINANCE

As of 31 December 2022, current liabilities of the Group exceeded current assets for EUR 53 million. The excess is primarily caused by the reclassification of the bonds issued by the Company in prior years for the amount of EUR 244.35 million from non-current to current part of the liabilities, as they become due for payment in September 2023. The management of the Company is currently considering different options to improve the financial situation and the liquidity. The preferable scenario, also supported by the Board of Directors, is extension of the bond terms (the respective negotiations with the bondholders are being initiated now). In the event that no agreement is reached with the bondholders and to cover the existing liquidity gap, the management considers some alternative scenarios. Taking into account the available cash balance of the Group and the fact that the European assets of the Group generate sufficient cash to cover operating expenses as well as to service the interest payments on the bonds and loans, at least EUR 150 million of available cash can be used for repayment of bonds in September 2023. The remaining liquidity gap can be potentially covered by attracting a bank loan for unleveraged assets, issuing additional shares or through some other possibilities. Considering the high quality and performance of the European portfolio and successful experience in the past, the management is confident that the Group will be able to meet its obligations as they fall due and to continue as a going concern. Based on these grounds, the financial statements are prepared on going concern basis.

24. FINANCIAL INSTRUMENTS

24.1 CLASSES AND CATEGORIES OF FINANCIAL INSTRUMENTS AND THEIR FAIR VALUES

The following table combines information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments.

The information for balances as of 31 December 2022 in the table above and further below in Note 24 refers to the risk expsure of the continuing operations of the Group, if not specified other. Comparative figures for 31 December 2021 are not re-presented and disclose risk exposure including disposal group which best reflects the changes in respective risk exposure.

	measurement category	carrying amount	
in EUR		31.12.2022	31.12.2021
Non-current financial assets			
Eurobonds	FVOCI	1,543,565	1,918,912
Loans	amortised cost	38,533,530	–
Receivable from sellers of investment properties	FVTPL	1,910,075	–
Current financial assets			
Receivable from sellers of investment properties	FVTPL	1,470,718	–
Accounts receivable	amortised cost	3,029,845	4,781,764
Cash&cash equivalents	amortised cost	191,293,521	100,463,277
Non-current financial liabilities			
Borrowings	amortised cost	–343,885,954	–841,449,740
Tenant deposits	amortised cost	–1,064,153	–6,876,935
Finance lease liabilities	amortised cost	–	–289,555
Current financial liabilities			
Borrowings	amortised cost	–248,999,441	–92,308,886
Payables on acquisition of properties	FVTPL	–133,571	–3,018,266
Trade payables and accrued expenses	amortised cost	–4,774,015	–4,708,041

The information for balances as of 31 December 2022 in the table above and further below in Note 24 refers to the risk exposure of the continuing operations of the Group, if not specified other. Comparative figures for 31 December 2021 are not re-presented and disclose risk exposure including disposal group which best reflects the changes in respective risk exposure.

24.2 FAIR VALUE HIERARCHY

As at 31 December 2022, the Group holds financial assets carried at fair value in the statement of financial position at level 1 hierarchy for the amount EUR 1.54 million and financial liabilitie at level 3 hierarchy for the amount EUR 0.13 million (31 December 2021: EUR 1.92 million and EUR3.0 million respectively). Fair values of the Group's financial assets and liabilities, accounted for at amortised cost, approximate their carrying amounts except for the bonds issued:

in EUR	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	Carrying amount		Fair value	
Bonds issued	411,775,000	404,515,673	418,088,266	423,757,262

The fair value of bonds issued are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

24.3 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's activities are exposed to a variety of financial risks: market risk (including foreign currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Management Committee and supervised by the Board of Directors.

24.3.1 Market Risk

Foreign currency risk

In reporting period, the Company changed its functional currency from US$ to EUR to reflect changes in the economic environment of its operations. Refer to Note 2.4.2.for detail. Primarily, the Company agreed with the bondholders to amend the currency of its most significant debt on bonds from US$ to EUR. Also, the Company agreed with the third parties to sell Russian portfolio of the Group. All these measures resulted in significant decrease of foreign currency risk exposure. Monetary financial assets and liabilities of the Company and its subsidiaries, except for the assets described below, are now denominated in the same currency as their functional currency, EUR.

As of 31 December 2022, the Group has monetary financial assets denominated in:

- US$: external loan given to the former subsidiary Redhill Investment Limited in the amount EUR 38.5 million (refer to Note 10.4) and intra-group loans in the amount EUR 3.4 million issued by the Company to the Russian subsidiaries of the Group;
- RUB: intra-Group loans issued by the Company to the Russian subsidiaries.

Before 1 January 2022, the Group was exposed to significant foreign currency risk related to fluctuations of RUB over US$ due to its operations in Russia, in and EUR over US$, arising from its obligations on EUR-denominated shareholders notes and intra-group loans receivable issued by the Company to its European subsidiaries.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities	Assets
	31.12.2022	31.12.2022
US$	–	41,976,771
RUB	–	2,618,516
	31.12.2021	31.12.2021
US$	–142,488,772	4,164,176
Euro	–267,272,474	640,180,306

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10 and 1 per cent decrease in EUR against US$ and EUR against RUB, respectively (2021: a 10 and 1 per cent increase). This percentage is used when reporting foreign currency risk internally to key management personnel and repre- sents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10 and 1 per cent change in the respective foreign currency rate.

The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A negative number below indicates a decrease in profit where currency units strengthens against the relevant currency. For weakening of currency units against the relevant currency, there would be a comparable impact on the profit, and the balances below would be positive.

in EUR	1% increase EUR to US$ impact	10% increase EUR to RUB impact
	31.12.2022	
Loss	−419,768	−261,852
	10% increase US$ to RUB impact	1% increase US$ to Euro impact
	31.12.2021	
Loss	−11,920,889	−3,640,382

Cash flow interest rate risk

All of the Group's interest-bearing financial instruments have fixed interest rates, except for bank loans at some entities. Refer to Note 11.3.

Fair value interest rate risk

The Group does not have any financial instruments with fixed interest rates that are accounted for at fair value through profit or loss as of 31 December 2022 and 2021. Hence, change of interest rate would not have any impact on the Group's profit or loss.

Interest rate sensitivity analysis

Bank loans of Group subsidiaries have interest rates that include fixed and variable part that derives from EURIBOR index. The loans provide for SWAP agreement, limiting range of fluctuation in the variable index: positive change in the index over the limit will not have any impact on the Group's profit or loss; downward change of the index below zero is charged as a SWAP interest. 0.1% increase in the index (or the opposite, 0,1% change below zero) would decrease Group's profit by EUR 0.17 million. The upper limits for the loans are given below:

Bank loan	nominal interest (variable index+fixed rate)	Interest rate SWAP
UniCredit - QBC4 loan	3M EURIBOR +1,125%	0.119%
UniCredit - QBC1&2 loans	3M EURIBOR +1,3%	0.258%
UniCredit - SALZ4 loan	1M EURIBOR +1,05%	1.040%

24.3.2 Credit risk

The Group's credit risk arises from cash and cash equivalents, deposits with banks, interest bearing financial instruments, as well as rents and other receivables from tenants and accounts receivable in general, including receivables from sellers of investment properties.

Credit risk related to rental payments is mitigated by requiring tenants to pay rentals in advance, provide rental security deposits or bank guarantees. The Group has policies in place to monitor its exposure to non-payment of rents by its tenants, including pre-screening prior to signing leases, careful monitoring of rental receipts, and efforts to collect rents or terminate leases before receivables become substantial. Receivables from sellers of investment property represent financial guarantees issued either by sellers or by reputable financial istitutions in respect of the properties acquired in 2020. Outstanding balance of the receivables is taken into account in negations over the final adjustment to purchase price for the property to be paid or returned; thus, credit losses, if there are any, will be addressed and remedied in the final adjustment. The maximum exposure to credit risk at the reporting date is the carrying amount of cash and cash equivalents, Eurobonds, and loans given (31 December 2022: EUR 2341.37 million, 31 December 2021: EUR 102.38 million). The Group holds significant cash deposits and current accounts at well-known high ranking banks UniCredit (Austrian entities), Postbank (Germany), Bank von Roll and Cramer Bank (holding companies). Management monitors creditworthiness of the banks on a regular basis.

The Eurobonds are issued by the European companies and have high credit ranking. The Eurobonds issued by the companies affiliated with the Russian state, are not included into credit ratings. The Eurobonds are measured at fair value with changes recorded in the statement of other comprehensive income. Impairment allowance that represents estimate of extra credit risk, not reflected in the market value adjustment, is recognized in the statement of profit or loss. In 2021, management estimated the risk on debentures of the companies related to the Russian state as significant and recongnised impairment allowance equal to the lifetime expected credit loss for the amount EUR 0.47 million. In 2022, entity released part of the impairment allowance in the amount EUR 0.14 million in the statement of profit or loss. It was counter-balanced by negative change in market value, recognized in other comprehensive income. Receivables from sellers of investment property represent financial guarantees issued either by sellers or by reputable financial istitutions in respect of the properties acquired in 2020. Outstanding balance of the receivables is taken into account in negations over the final adjustment to purchase price for the property to be paid or returned; thus, credit losses, if there are any, will be addressed and remedied in the final adjustment.

Based on the effective controls in place and historically low impairment expenses over the long-term period in the past, the Group has determined the credit risk for receivable as low. Due to the positive outlook in the rental properties segment as well as security provided by the tenants in the form of security deposits or bank guarantees, the Group does not expect a significant increase in credit loss risk.

There is no concentration of credit risk as of 31 December 2022 and 31 December 2021.

24.3.3 Liquidity risk

Management monitors rolling forecasts of the Group's liquidity on the basis of expected cash flow. The table below shows liabilities as at 31 December 2022 and 31 December 2021 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Foreign currency payments are translated using the exchange rate at the reporting date.

in EUR	Less than 1 Month	1 to 6 months	6 to 12 months	1 to 2 Years	2 to 5 Years	More than 5 Years	Total
31.12.2022							
Liabilities							
Borrowings	–	8,702,108	249,516,012	221,630,018	16,218,767	109,527,144	605,594,049
Tenant deposits						1,064,153	1,064,153
Financial liabilities at fair value through profit or loss	–	133,571	–	–	–	–	133,571
Trade and other payables	–	4,774,015	–	–	–	–	4,774,015
Total	0	13,609,694	249,516,012	221,630,018	16,218,767	110,591,297	611,565,788

in EUR	Less than 1 Month	1 to 6 months	6 to 12 months	1 to 2 Years	2 to 5 Years	More than 5 Years	Total
31.12.2021							
Liabilities							
Borrowings	–	23,869,140	96,613,973	471,299,772	260,099,011	110,598,774	962,480,670
Gross finance lease liabilities	–	15,316	15,316	30,632	91,896	513,085	666,245
Tenant deposits	148,204	37,650	669,225	933,850	4,777,057	2,318,197	8,884,183
Financial liabilities at fair value through profit or loss	965,990	1,927,217	–	–	–	–	2,893,207
Trade and other payables	–	3,561,426	–	–	–	–	3,561,426
Total	1,114,194	29,410,749	97,298,514	472,264,254	264,967,964	113,430,056	978,485,731

24.4 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, limit spending on future acquisitions of properties and capex level or sell assets to reduce debt. Management is and will continuously monitor business performance to ensure the ability to act proactively in case of any unforeseen future downturns in the economy.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. As at 31 December 2022 and 2021, the Group's gearing ratio is given in the table below.

Net Debt, EUR	31 December 2022	31 December 2021
Non-current borrowings	343,885,954	841,449,740
Current borrowings	248,999,441	92,308,886
Borrowings directly attributable to assets held for sale	433,528,397	–
Cash & cash equivalents	–191,293,521	–100,463,277
Cash & cash equivalents in assets held for sale	–12,402,493	–
Total	822,717,778	833,295,349
Total Capital, EUR		
Shareholders equity	526,564,516	474,506,965
Net debt	822,717,778	833,295,349
Total	1,349,282,294	1,307,802,314
Gearing ratio (Net debt divided by Total Capital)	60.97%	63.72%

25. SUBSEQUENT EVENTS

On 19 April 2023, the Group sold 100% shares in subsidiary Lenbury Enterprises Ltd that holds 100% interest in the property for a consideration of US$ 46.54 million, of which US$ 46.53 million are payable over 10 years. The buyer is a legal entity owned by the Russian management of the Group. The shares of the subsidiaries and Lenbury itself are pledged and the Russian properties are mortgaged in favour of the Company to secure repayment of the deferred consideration. Refer to Note 10 for detail.

Subsequent to year-end by the date of issuance of these financial statements, the Group received payments on the loan given to former subsidiary Redhill Investment Ltd. (Note 6) for the amount EUR 14.1 million.

26. 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 consolidated financial statements prepared in accordance with IFRS as of and for the year ended 31 December 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 listened below, represent IFRS financial measures, which can be directly identified in the financial statements.

The non-IFRS financial and IFRS measures are presented in the KPI table for continuing operations of the Group, if not indicated other.
"Operating income" represent performance measure of a regular basic activity of the Group. It is determined based on IFRS-measures: "Net operating profit/(loss)" excluding "Revaluation of investment properties", "Impairment loss on loans" and irregular items of extra-ordinary nature (see below) plus "Interest income".

"Net other operating income/(expenses)" measures financial outcome of other irregular and individually insignificant items and is determined as net result of "Other income" and "Other expenses" and "Interest income" 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, not presented and disclosed separately in these financial statements, reconcile to "Income tax".

"Other extra-ordinary items" consist of material one-off transactions aside from regular business activity of the Group. In 2022, extraordinary items consist of income on final adjustment of purchase price of investment property SG4, acquired in 2020 (Note 16). In 2021, extraordinary items consist of income on final adjustment of purchase price of investment property WLC acquired in business combination in 2017 and gain on release of provision for RETT created in 2020 at acquisition of SALZ 4 property (Note 16). In 2020, extraordinary items consist of impairment of goodwill at WLC and City Gate.

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

"Earning from operational activity per share" is a performance measure on a share basis, calculated as "Earnings from operational activity", described above, divided by the weighted average number of shares in each reporting period.

"Impairment of receivables related to the assets sold" consist of "Impaiment loss on loans" (in 2022, it represents impairment allowance for loans issued to the former subsidiary Redhill Investment Ltd. "Result of discontinued operations and impairment of related receivables" represent management measure of performance of discontinued operations and is determined as a sum of "Net profit from discountinued operations (attributable to equity holders of the Company)" and "Imparment loss on loans".

"Loan-to-value" is determined as a division of "Borrowings" by "Total assets" (as of 31 Decemebr 2022, excluding "Assets classified as held for sale" (Note 10.3)). This ratio gives understanding of the relative difference between the EPH's debt amount and carrying amount of its assets at each reporting date.

"Net profit / (loss) for the year before result of discontinued operations and impairment loss on loans" represent net result of continuing operations and is determined as "Net profit/(loss) from continuing operations" excluding "Impaiment loss on loans", representing impairment recognized in the reporting period on outstanding loans to the former subsidiary Redhill Investment Ltd. given in the period before its disposal from the Group (Notes 10.4. and 6).

"Fair value of investment properties" refers to investment properties of the Group in Europe, the values as of 31 December 2022 and 2021 are disclosed in Notes 3.4, 4 and 5.

27. GENERAL INFORMATION ON INVESTMENT PROPERTIES

GERMANY

as of 31.12.2022

	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	12,683	28,030	15,620
Land	freehold	freehold	freehold	freehold
Net rentable area in sqm (BOMA)	**17,231**	**12,683**	**20,160**	**15,550**
office	15,378	8,790	n/a	–
retail	1 246 (incl. restaurant)	–	n/a	261
other	607	3 893 (fitness, storage, wintergarden)	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%	26.6%	0.0%	0.0%
Lease terms	2023-2031	2025-2032	Nov. 2035	Jan. 2030
Weighted average lease term, years	5.4	5.0	13.0	7.0

AUSTRIA

as of 31.12.2022

	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
Property description	Office buidling	Office buidling	Office buidling	Parking	Office building under construction
Class	A	A	A	A	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**	**727 units**	**29,105**
office	7,848	24,287	17,425		24,592
retail	740	3,205	–	–	3,992
other	683	2,378	–	–	521
Parking lots					
underground			71	679 car, 48 single-track vehicles parking spaces	154
surface			–	–	46
Vacancy rate as a % of net rentable area	0.0%	0.0%	0.0%	n/a	0%
Lease terms	2026-2040	2026-2041	unlimited	Dec. 2038	2028 - 2037
Weighted average lease term, years	8.0	8.0	unlimited	16.0	10.0

RUSSIA

as of 31.12.2022

	Berlin House	Geneva House	Polar Lights	Hermitage Plaza	Magistral'naya
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
Property description	Office & retail centre	Office & retail centre	Office & retail centre	Office centre	Office centre
Class	A	A	B+	A	B
Building area, sqm	13,381	16,455	37,815	40,216	3,552
Land	leasehold	leasehold	leasehold	leasehold	leasehold
Net rentable area in sqm (BOMA)	10,100	11,970	30,750	32,900	3,177
office	6,620	10,340	30,490	32,500	3,177
retail	3,480	1,630	260	400	–
other	–	–	–	–	–
Parking lots					
underground	62	127	159	284	–
surface	–	–	52	–	39
Vacancy rate as a % of net rentable area	20.9%	7.1%	0.0%	7.5%	0.0%
Lease terms	2022-2030	2022-2035	2022-2027	2022-2026	2023
Weighted average lease term, years	2.2	3.8	2.2	2.7	1.0


413-417

GENERAL
INFORMATON

1. OBJECTIVE

The objective of EPH European Property Holdings PLC (the "Company") is to invest directly, through subsidiaries, or via participations in real estate in Europe to provide long-term capital growth and stable risk adjusted revenues to its stakeholders. Investments may be existing properties or development projects which are intended to provide capital appreciation and/ or rental income. The Company may also purchase participations in other companies with real estate related activities and provide real estate financing, real estate management, sale and leaseback of real estate or enter into real estate related financial transactions.

The Company pursues the goal of a diversified portfolio regarding property type, type of use, location, size and building structure.

2. INVESTMENTS

2.1 REAL ESTATE INVESTMENTS

Investment targets are commercial, residential, mixed-use, and industrial properties located in Europe which provide a reasonable risk/ return ratio. The main criteria to be considered are as follows: a) Quality of location b) Economic outlook c) Infrastructure d) Architecture e) Environmental impact f) Occupancy g) Quality of tenants h) Flexibility of usage i) Profitability j) Potential for value appreciation.

Development projects might be new constructions, modernizations or refurbishment of existing buildings in Europe. If development projects are undertaken with a partner, special care must be taken to protect the interests of the Company through the structure and contractual framework of the endeavour.

In choosing investments, the Company focuses primarily on Class-A commercial and mixed-use properties in the larger cities of Europe that demonstrate stable growth mixed with good development potential.

2.2 FINANCING OF REAL ESTATE INVESTMENTS

The Company intends to optimise the return on its investments through the conservative use of leverage. Interest expenses will be considered on a consolidated basis.

2.3 PARTICIPATIONS IN COMPANIES

The Company can also invest in majority or minority participations in other companies with real estate related activities, including real estate management.

2.4 REAL ESTATE FINANCING AND FINANCIAL INVESTMENTS

The Company may provide real estate financing secured by mortgages or other adequate guarantees. For temporary or defensive purpose, capital not invested in real estate investments can also be invested in financial instruments, such as stock, listed shares, bonds, investment funds and other liquid financial instruments. The investment in options, futures and other derivatives is only permitted for hedging purposes. The Company may furthermore engage into other financial transactions such as currency and interest rate forwards and swaps for hedging purposes.

2.5 OTHER INVESTMENTS

The Company can, subject to approval of the Board of Directors, invest up to 10% of its assets in non-real estate related investments. Up to 20% of the Company's total assets can be invested in real estate investments outside the Company's primary geographic area of focus.

3. VALUATION

The entire real estate portfolio will be appraised once a year by an independent real estate appraiser. The results of the yearly appraisal will be used as the basis for valuation in the Company's annual report. For the purpose of the half year report, a simplified valuation method can be applied, if decided by the Board of Directors. .

4. INVESTMENT PROCESS

4.1 APPROVAL BY THE BOARD OF DIRECTORS AND MANAGEMENT COMMITTEE

All purchases or sales of properties and all investments in other assets in excess of EUR 5 million, with the exception of financial investments for temporary or cash management purpose have to be approved first by the Management Committee and subsequently by the Board of Directors.

4.2 ANALYSIS

Prior to the approval, a thorough analysis of potential investments, including financing, which involves respective market experts will be performed and presented.

5. CHANGES TO, AND COMPLIANCE WITH THE INVESTMENT GUIDELINES

The Investment Guidelines can be changed or amended by resolution of the Board of Directors within the scope of the Company's purpose. Investors must be informed via the Company's official publications of any amendments before they become effective. Compliance with the Investment Guidelines is verified periodically by the Board of Directors.

6. ENTRY INTO EFFECT

This Investment Policy was approved by the Board of Directors of the Company at its meeting of 26 April 2023 and enter into effect at 1 June 2023. It applies to EPH European Property Holdings PLC and to its subsidiaries.

The Investment Guidelines are posted on the Company's website:
https://europeanpropertyholdings.com/.

BOARD OF DIRECTORS

Olga Melnikova
Gustav Stenbolt
Michael Cuthbert
Tomasz Dukala
Hans Messmer (resigned April 2023)
Annamaria Vassiliades (resigned April 2023)

DOMICILE

EPH European Property Holdings PLC
Menandrou 12
Eliona Tower, Office 207
1066 Nicosia
Cyprus

AUDITORS

Deloitte AG
Pfingstweidstrasse 11
CH-8005 Zürich
Switzerland
(since June 2018)

REAL ESTATE MANAGER

Valartis International Limited
Vanterpool Plaza, 2nd Floor
Wickhams Cay 1
Road Town, Tortola
British Virgin Islands
(since January 2010)

SECURITY NUMBER

117016316

ISIN NUMBER

CY0109992111

TICKER SYMBOL

EPH

COMPANY WEBSITE

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CONCEPT, DESIGN AND REALISATION
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