

SEMI-ANNUAL REPORT 2021



EPH EUROPEAN PROPERTY
HOLDINGS

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DEAR SHAREHOLDERS

In the first six months of 2021, the clear focus of EPH European Property Holdings (“EPH” or the “Company”) was the successful integration of its acquisitions from 2020 into its operations.

QBC 1, 2 & 7 located in Quartier Belvedere in Vienna with over 39,000 square meters of net leasable office space and approximately 680 parking lots, which EPH acquired at the very end of 2020, are close to 100% leased to long-term tenants and the operations have been taken over by the Company's external asset manager Valartis Group AG. The Company has also successfully refinanced the development financing loans by two new secured loan facilities for the total amount of EUR 100 million from UniCredit Bank Austria repayable at the end of 2030.

Furthermore, the Company continued the refurbishment of LASS 1, an office building in Vienna originally built in 1993. The property will offer an intelligent and future-oriented workspace over nine floors with a total area of approximately 45,000 square meters. The reconstruction of the project is on schedule and finalization is expected in mid-2022. The building is part of the Quartier Lassalle, a selection of office concepts and a variety of restaurants and supermarkets that help to create a diverse, modern working environment. As of today, most of the leasable area is already leased out and will be occupied once the construction work has been completed.

In addition to the properties in Vienna, in 2020 EPH has acquired two more properties in Germany: STRAL 3 (Nhow hotel building) & SALZ 4 (Innside Melia hotel building) – two hotel properties in Berlin and Dresden. To keep up with the ongoing expansion as well as ensure professional and efficient management, EPH used the first half of 2021 to also expand on a human resources level. Valartis Group as exclusive external asset manager is not only supporting transactions, refinancing and taking care of investor relations but also managing the Company's assets since EPH's beginnings. Starting from end of 2019, Valartis Group has built up a team of asset management professionals in Germany and Austria, which are solely responsible to manage EPH's assets on a daily basis. The teams around VLR Germany and VLR Austria are not only set-up for today's structure but also enable future growth in Central Europe.

Despite the COVID-19 pandemic which only had a minor impact on EPH, the Company's rental properties continue generating sufficient cash to cover the Company's operating expenses, service the debt and partially finance its investment program. In the first six months of 2021, EPH's net rental income and earnings from operational activity have increased compared to the same period in 2020. This is mainly attributable to the acquisition of new properties and an increase of net rental income at the properties in Germany as well as the continuous sale of Arbat apartments. In contrast: In Russia, EPH is facing a period of re-adjustment. Most rent agreements at, especially Berlin House and Geneva House, have been concluded before 2014 and, therefore, before the depreciation of RUB against US\$ as well as the correction of US\$ rents. As such, the renewal of rent agreements is influenced by lower rental rates per square meter in US\$ than 10 years ago.

In addition, due to COVID-19 pandemic, the identification of suitable tenants takes longer than in previous years. We are, nevertheless, on a good way to reduce vacancy in Russia ensuring reliable and reputable long-term tenants also in the future.

Overall, the COVID-19 pandemic, although it remains a crucial factor for society, did not have a significant impact on EPH's operating result and cash flows in the first half-year of 2021. Based on the respective local legislation there are ongoing discussion with a few tenants but the low share of hotel and retail tenants in our portfolio, along with the high quality of our assets in sought-after core city or business centre locations with a majority of financially strong tenants and long-termed leases has protected us from major losses.

Also, for the remaining part of 2021, the focus is on implementing recent acquisitions and optimizing human resources and management structure. Nevertheless, EPH will also in future continue to tackle promising acquisition opportunities.

We would like to thank all our shareholders for the trust they have placed in us and would be pleased if you would continue to accompany us on our growth path. We would also like to express our appreciation to our business partners for their cooperation and commitment.

For the Semi-Annual Report, we have opted to only focus on what has changed during the period under review. You will find our previous reports on the Company's website, or a printed copy will be sent to you at request.

Sincerely,
The Board of Directors
September 2021



MANAGEMENT
REPORT

KEY PERFORMANCE INDICATORS

in US\$	30.06.2021	30.06.2020	30.06.2019
Net rental income	32,003,229	29,045,637	37,765,239
Management fees	-2,028,251	-1,580,828	-1,249,838
Administrative and selling expenses	-2,206,058	-2,321,766	-3,085,289
Net gain arising from sale of residential properties	1,798,619	851,055	3,082,737
Net other operating income / (expenses)	567,107	-1,057,934	-611,236
Operating Income	30,134,646	24,936,164	35,901,613
Finance costs	-20,745,230	-18,257,788	-16,255,147
Current tax expense	-4,473,977	-3,940,729	-4,922,078
Earnings from operational activity	4,915,439	2,737,647	14,724,388
Earnings from operational activity per share	0.34	0.28	1.49
Revaluation of investment properties	16,505,146	21,151,198	-24,378,667
Deferred tax (expense) / benefit	-4,480,988	2,492,898	-1,157,173
Other extraordinary items	1,218,790	11,603,782	-
Total before foreign exchange movements	18,158,387	37,985,525	-10,811,451
Net foreign exchange (loss)/gain	-7,228,375	-28,134,006	38,219,125
Net Profit / (Loss) for period	10,930,012	9,851,519	27,407,674

	as of		
	30.06.2021	31.12.2020	31.12.2019
Number of investment properties	13	13	10
Investment properties	1,536,106,167	1,525,251,437	1,007,516,128
Europe	63%	62%	35%
Russia	37%	38%	65%
Total Assets	1,841,693,018	1,844,882,222	1,268,555,787
Borrowings	1,090,685,889	1,113,884,313	659,359,016
Loan-to-value	59%	60%	52%

Market capitalization, million	429.73	409.72	289.25
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For a reconciliation of non-IFRS measures see "Supplemental Reconciliations and Definitions" on page 75



EPH EUROPEAN PROPERTY HOLDINGS

REAL ESTATE

EPH COMBINES STABILITY IN CENTRAL EUROPE WITH HIGH YIELDS IN RUSSIA

DIVERSIFIED CORE AND CORE PLUS COMMERCIAL REAL ESTATE PORTFOLIO

EPH European Property Holdings Limited (EPH) is a long-term investor with a diversified portfolio in standing assets across Europe with a total value of more than US\$ 1.5 billion. We have been investing in real estate for about 20 years and are focusing on first-class properties in prime locations with strong international tenants and long-term lease agreements.

The current portfolio consists of 13 core assets in Germany's top cities as well as in Vienna and Moscow. Through investing in premium real estate in core European markets, EPH ensures long-term capital preservation and generates a stable, regular and risk-adjusted return for its stakeholders.

RUSSIA

OFFICE/mixed-use

- Moscow

GERMANY

OFFICE/HOTELS

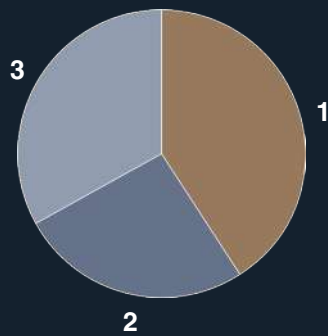
- Stuttgart
- Hamburg
- Berlin
- Dresden

AUSTRIA

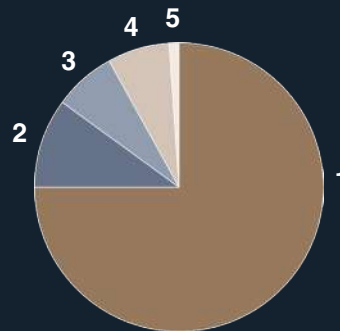
OFFICE

- Vienna

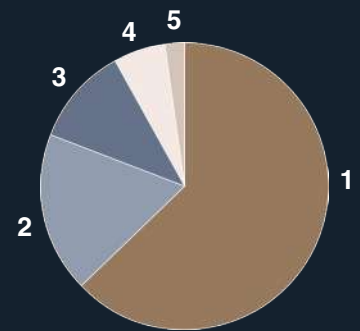


GEOGRAPHICAL SPLIT
 MARKET VALUE
 30 JUNE 2021


- 1** RUSSIA 40%*
*INCLUDING RESIDENTIAL PROPERTIES FOR SALE
- 2** GERMANY 26%
- 3** AUSTRIA 34%

 ASSET CLASSES
 MARKET VALUE
 30 JUNE 2021


- 1** OFFICE (INCL. RETAIL) 76%
- 2** HOTEL 10%
- 3** REFURBISHMENT 7%
- 4** HELD FOR SALE 5%
- 5** PARKING 2%

 ASSET CLASSES
 GROSS RENTAL INCOME
 30 JUNE 2021


- 1** OFFICE 63%
- 2** RETAIL 18%
- 3** HOTEL 11%
- 4** PARKING 6%
- 5** OTHER 2%

We hold a diversified core/ core plus commercial real estate portfolio in excellent locations across Europe, which combines high yield properties in Moscow with stable values and income from properties in Germany's top cities and Vienna. The majority of our portfolio consists of prestigious office properties, generating 63% of our Gross Rental Income. We take advantage of the high demand for modern spaces in premium locations and currently refurbish a centrally located office property in Vienna.

PROPERTY REVIEW

AS OF 30 JUNE 2021 OUR PROPERTY HOLDINGS CONSISTS OF:

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



LASS 1

AUSTRIA / VIENNA

COUNTRY / CITY

OFFICE

ASSET CLASS

44,800

BUILDING AREA

EUR 99,700,000

COST

29,000

RENTABLE AREA

1993

YEAR OF CONSTRUCTION

100%

OWNERSHIP

UNDER REFURBISHMENT

APPRAISED VALUE



QBC 1, 2 & 7

AUSTRIA / VIENNA

COUNTRY / CITY

40,900

BUILDING AREA

39,300

RENTABLE AREA

100%

OWNERSHIP

OFFICE & PARKING

ASSET CLASS

680

PARKING LOTS

2020

YEAR OF CONSTRUCTION

EUR 252,200,000

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 105,200,000

APPRAISED VALUE



SALZ 4

GERMANY / DRESDEN

COUNTRY / CITY

15,600

BUILDING AREA

180

ROOMS

100%

OWNERSHIP

HOTEL

ASSET CLASS

0.0%

VACANCY RATE

2010

YEAR OF CONSTRUCTION

EUR 47,500,000

APPRAISED VALUE



STRAL 3

GERMANY / BERLIN

COUNTRY / CITY

28,000

BUILDING AREA

304

ROOMS

89.9%

OWNERSHIP

HOTEL

ASSET CLASS

0.0%

VACANCY RATE

2010

YEAR OF CONSTRUCTION

EUR 90,900,000

APPRAISED VALUE



WORK LIFE CENTER

GERMANY / HAMBURG

COUNTRY / CITY

12,100

BUILDING AREA

12,000

RENTABLE AREA

94%

OWNERSHIP

OFFICE & RETAIL

ASSET CLASS

0.0%

VACANCY RATE

2017

YEAR OF CONSTRUCTION

EUR 89,300,000

APPRAISED VALUE



CITY GATE

GERMANY / STUTTGART

COUNTRY / CITY

26,500

BUILDING AREA

17,200

RENTABLE AREA

94%

OWNERSHIP

OFFICE & RETAILS

ASSET CLASS

0.0%

VACANCY RATE

2016

YEAR OF CONSTRUCTION

EUR 127,800,000

APPRAISED VALUE



GENEVA HOUSE

RUSSIA / MOSCOW

COUNTRY / CITY

16,500

BUILDING AREA

12,000

RENTABLE AREA*

100%

OWNERSHIP

OFFICE & RETAIL

ASSET CLASS

1.4%

VACANCY RATE

2010

YEAR OF CONSTRUCTION

US\$ 125,600,000

APPRAISED VALUE

*in accordance with BOMA standard



BERLIN HOUSE

RUSSIA / MOSCOW

COUNTRY / CITY

13,400

BUILDING AREA

10,100

RENTABLE AREA*

100%

OWNERSHIP

OFFICE & RETAIL

ASSET CLASS

20.9%

VACANCY RATE

2002

YEAR OF CONSTRUCTION

US\$ 145,100,000

APPRAISED VALUE

*in accordance with BOMA standard



HERMITAGE PLAZA

RUSSIA / MOSCOW

COUNTRY / CITY

OFFICE

ASSET CLASS

40,200

BUILDING AREA

0.0%

VACANCY RATE

32,900

RENTABLE AREA*

1937/2006

YEAR OF CONSTRUCTION

99.98%

OWNERSHIP

US\$ 183,400,000

APPRAISED VALUE

*in accordance with BOMA standard



POLAR LIGHTS

RUSSIA / MOSCOW

COUNTRY / CITY

37,800

BUILDING AREA

30,800

RENTABLE AREA*

100%

OWNERSHIP

OFFICE & RETAIL

ASSET CLASS

0.0%

VACANCY RATE

2006

YEAR OF CONSTRUCTION

US\$ 102,200,000

APPRAISED VALUE

*in accordance with BOMA standard



ARBAT PROJECTS

RUSSIA / MOSCOW

COUNTRY / CITY

APARTMENTS & RETAIL

ASSET CLASS

35,100

BUILDING AREA

7,200 / 1,261

REMAINING SELLABLE AREA/ NET RENTABLE AREA

2016

YEAR OF CONSTRUCTION

130

PARKING LOTS

US\$ 93,000,000

APPRAISED VALUE

MAGISTRAL'NAYA

RUSSIA / MOSCOW
COUNTRY / CITY

OFFICE
ASSET CLASS

3,600
BUILDING AREA

1966
YEAR OF CONSTRUCTION

3,200
RENTABLE AREA*

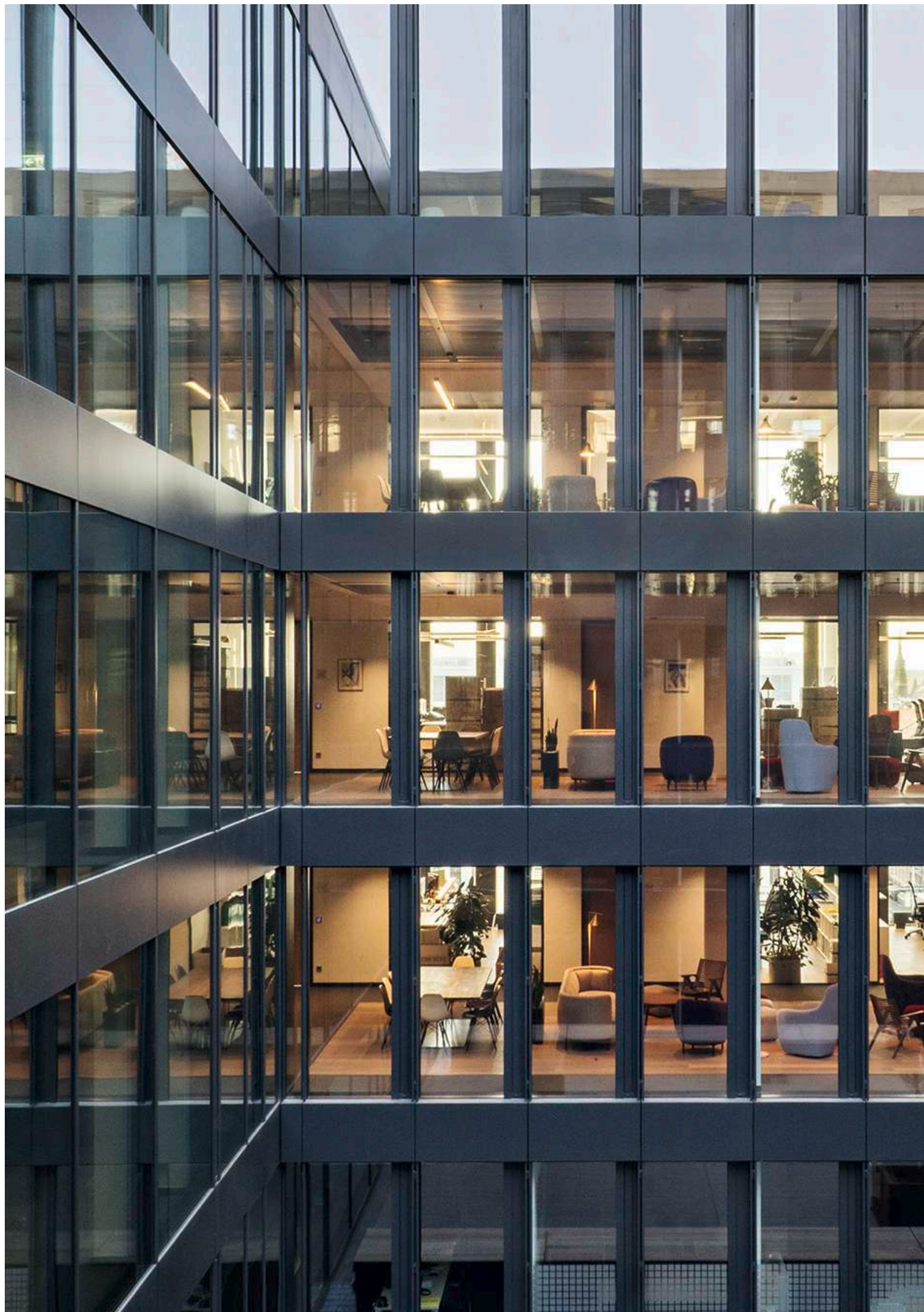
1994/2007
YEAR OF REFURBISHMENT

100%
OWNERSHIP

US\$ 4,400,000
APPRAISED VALUE

*in accordance with BOMA standard





CORPORATE
GOVERNANCE

This section contains parts of the annual corporate governance report focusing on significantly changed matters since 31 December 2020. All other statements/ disclosures made as of 31 December 2020 remain valid.

1. CAPITAL STRUCTURE

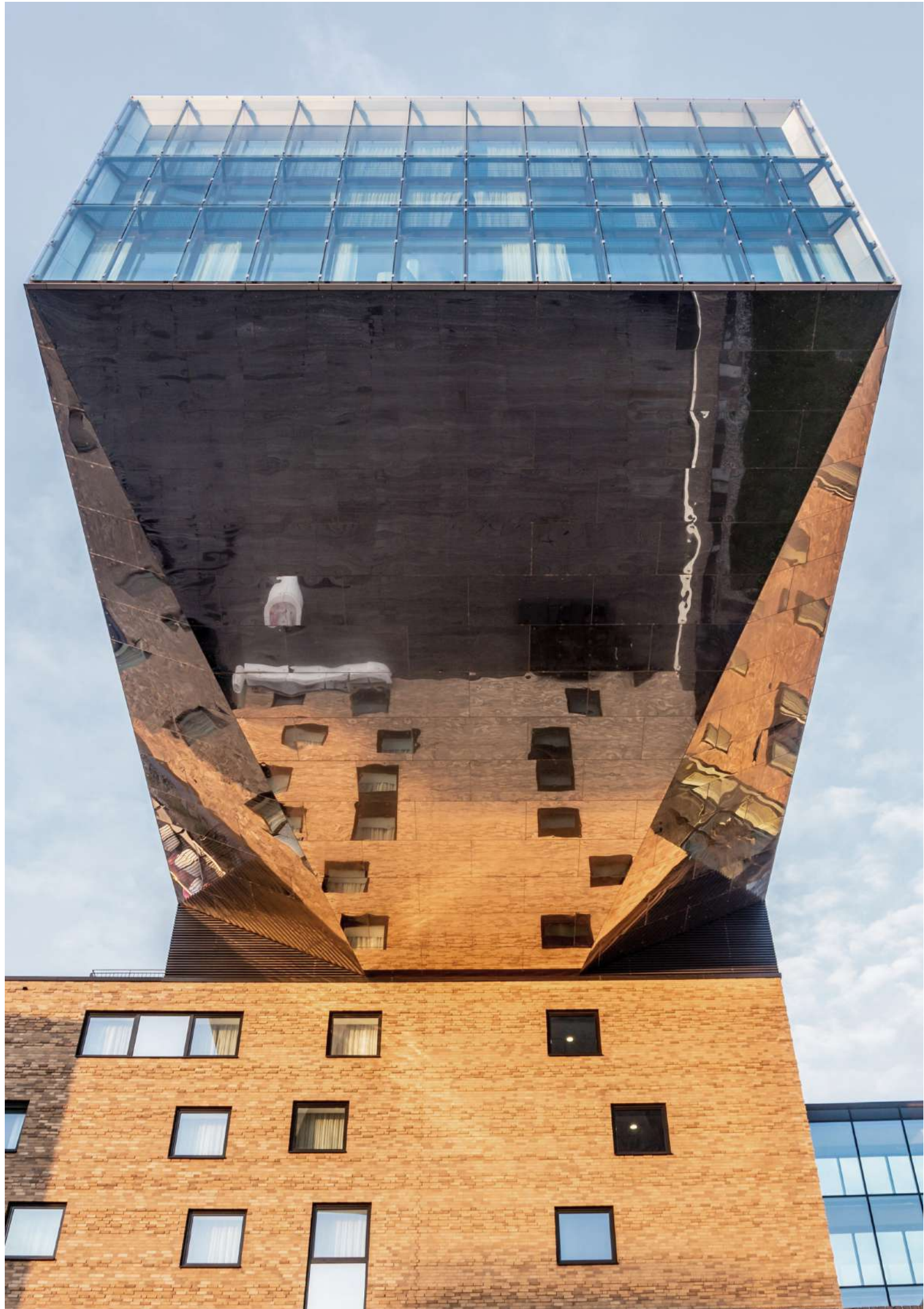
1.1 CHANGE IN CAPITAL

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 and the amendment of clause 5.1 of the Company's memorandum of association by deleting the current text and replacing it by the following:

"The Company is authorised to issue a maximum of 21,000,000 Ordinary Shares with a par value of USD 1 each and 1,000,000 Series A Preferred Shares with a par value of USD 1 each."

As of 30 June 2021, the Company's issued share capital remains with 14,409,022 ordinary shares. Note 26 "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 or conditional capital as described in the latest annual report of the Company as per 31 December 2020.



EXTERNAL
REPORTS



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Report on Review of Interim Condensed Consolidated Financial Statements

To the Board of Directors of
EPH European Property Holdings Limited, Tortola, British Virgin Islands

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of EPH European Property Holdings Limited and its subsidiaries (together the "Group") as of June 30, 2021 and the related interim condensed consolidated statement of profit and loss, interim condensed consolidated comprehensive income, interim condensed consolidated statement of cash flow, interim condensed consolidated statement of changes in equity for the six months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" and article 17 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange. Our responsibility is to express a conclusion on this interim condensed consolidated financial statement based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements does not present fairly, in all material respects, in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" and article 17 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange.

Deloitte AG

Marcel Meyer
Licensed audit expert
(Auditor in charge)

Avazkhodja Usmanov

Zurich, September 29, 2021



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Jones Lang LaSalle LLC has been instructed to prepare valuation reports regarding the following properties:

- Magistral'naya office building (Moscow)
- Arbat 24 mixed-use complex (Moscow)
- Arbat 39 mixed-use complex (Moscow)
- Geneva House office building (Moscow)
- Berlin House office building (Moscow)
- Polar Lights office building (Moscow)
- Hermitage Plaza office building (Moscow)

We understand that the reports are required for accounting purposes. The date of valuation: 30 June 2021.

Our valuation has been carried out in compliance with the RICS Valuation – Global Standards, issued November 2019, effective from 31 January 2020, published by the Royal Institution of Chartered Surveyors.

Market Value is defined by the RICS Valuation – Global Standards (issued November 2019, effective from 31 January 2020) as 'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'

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

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

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Tim Millard', written in a cursive style.

Tim Millard MRICS
Regional Director
Head of the Advisory Group
JLL Russia&CIS



PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
Kapelle-Ufer 4, 10117 Berlin

City Gate Stuttgart GmbH
Mr. Marcus Friedrichs
Westendstr. 28
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PricewaterhouseCoopers GmbH
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julia.sacchi@de.pwc.com

9 September 2021
DHe/JSa

Assessment of Fair Value of the property City Gate Stuttgart

Dear Mr. Friedrichs,

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

After the initial valuation, we provided regular bi-annual updates as of 30 June and 31 December of each year, and recently, you engaged us to update the Fair Value assessment of the subject property as of 30 June 2021.

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 July 2021.

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

Yours faithfully
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dirk Hennig

Julia Sacchi



PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
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julia.sacchi@de.pwc.com

9 September 2021
DHe/JSa

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

Dear Mr. Friedrichs,

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

After the initial valuation, we provided regular bi-annual updates as of 30 June and 31 December of each year, and recently, you engaged us to update the Fair Value assessment of the subject property as of 30 June 2021.

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".

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Yours faithfully

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dirk Hennig

Julia Sacchi

Vorsitzender des Aufsichtsrats: WP StB Dr. Norbert Vogelpoth
Geschäftsführer: WP StB Dr. Ulrich Störk, WP StB Dr. Peter Bartels, Dr. Joachim Englert, WP StB Petra Justenhoven, WP Clemens Koch, StB Marius Möller, WP StB Uwe Rittmann,
StB RA Klaus Schmidt, StB CPA Mark Smith

Sitz der Gesellschaft: Frankfurt am Main, Amtsgericht Frankfurt am Main HRB 107858
PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft ist Mitglied von PricewaterhouseCoopers International, einer Company limited by guarantee registriert in England und Wales



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Ms. Carole Sassel and Mr. Fernand Sassel
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9 September 2021
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 an update valuation as of 31 December 2020 and recently, you engaged us to update the Fair Value assessment of the subject property as of 30 June 2021.

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 27 July 2021.

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
Geschäftsführer: WP StB Dr. Ulrich Störk, WP StB Dr. Peter Bartels, Dr. Joachim Englert, WP StB Petra Justenhoven, WP Clemens Koch, StB Marius Möller, WP StB Uwe Rittmann, StB RA Klaus Schmidt, StB CPA Mark Smith

Sitz der Gesellschaft: Frankfurt am Main, Amtsgericht Frankfurt am Main HRB 107658
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9 September 2021
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, you now engaged us to update the Fair Value assessment of the subject property. The valuation date is 30 June 2021.

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 27 July 2021.

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 Vogelboth
Geschäftsführer: WP StB Dr. Ulrich Störk, WP StB Dr. Peter Bartels, Dr. Joachim Englert, WP StB Petra Justenhoven, WP Clemens Koch, StB Marius Möller, WP StB Uwe Rittmann, StB RA Klaus Schmidt, StB CPA Mark Smith

Sitz der Gesellschaft: Frankfurt am Main, Amtsgericht Frankfurt am Main HRB 107858
PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft ist Mitglied von PricewaterhouseCoopers International, einer Company limited by guarantee registriert in England und Wales



QBC Immobilien GmbH & Co Omega KG
Ms Anna Bernhart
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1220 Vienna

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September 13, 2021

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, QBC Immobilien GmbH & Co Omega KG (“QBC” or “you”) has mandated PwC Advisory Services GmbH, Vienna to ascertain the Fair Value of the Property “QBC1”, 1100 Wien, KG 01101 Favoriten EZ 3758 as of June 30, 2021.

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

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

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

We have summarized the assumptions, estimations and conclusions made in our valuation, and our opinion of Fair Value of the Property in our Report dated September 02, 2021.

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 Chelmezhova

Matthias Eicher



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September 13, 2021

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, QBC Immobilien GmbH & Co Alpha KG (“QBC” or “you”) has mandated PwC Advisory Services GmbH, Vienna to ascertain the Fair Value of the Property “QBC2”, 1100 Wien, KG 01101 Favoriten, EZ 3632 as of June 30, 2021.

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

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

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

We have summarized the assumptions, estimations and conclusions made in our valuation, and our opinion of Fair Value of the Property in our Report dated September 02, 2021.

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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September 13, 2021

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 May 31, 2021, QBC Immobilien GmbH & Co Delta KG (“QBC” or “you”) has mandated PwC Advisory Services GmbH, Vienna to ascertain the Fair Value of the Property “QBC4”, Karl-Popper-Straße 4, 1100 Vienna, KG 01101 EZ 3667 as of June 30, 2021.

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

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

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

We have summarized the assumptions, estimations and conclusions made in our valuation, and our opinion of Fair Value of the Property in our Report dated September 02, 2021.

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 Cherkmezova

Matthias Eicher



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September 13, 2021

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 June 23, 2021, QBC Immobilien GmbH & Co Zeta KG (“QBC” or “you”) has mandated PwC Advisory Services GmbH, Vienna to ascertain the Fair Value of the Property “QBC7”, 1100 Wien, KG 01101 Favoriten, EZ 3660 as of June 30, 2021.

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

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

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

We have summarized the assumptions, estimations and conclusions made in our valuation, and our opinion of Fair Value of the Property in our Report dated September 02, 2021.

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

Yours faithfully

PwC Advisory Services GmbH


ppa. Olena Chekmezova


Matthias Eicher



FINANCIAL
REPORT

in US\$	Note *	30.06.2021	31.12.2020
Assets			
Non-current assets			
Investment properties	6	1,536,106,167	1,525,251,437
Goodwill		74,092,154	75,036,169
Accounts receivable	10	546,538	932,592
Deferred tax assets		486,407	495,412
Furniture and equipment		54,759	60,391
Total non-current assets		1,611,286,025	1,601,776,001
Current assets			
Inventory	9	77,408,399	86,044,974
Accounts receivable	10	8,674,414	7,675,900
Prepayments		1,398,082	1,799,303
Prepaid taxes		5,220,671	4,323,950
Cash & cash equivalents	11	137,705,427	143,262,094
Total current assets		230,406,993	243,106,221
Total assets		1,841,693,018	1,844,882,222
Liabilities			
Non-current liabilities			
Borrowings	12	1,079,860,577	976,770,903
Deferred tax liabilities		141,771,654	135,970,620
Other non-current liabilities		11,834,187	8,990,789
Total non-current liabilities		1,233,466,418	1,121,732,312
Current liabilities			
Accounts payable and accrued expenses		20,075,679	23,499,669
Advances received		11,546,494	14,226,471
Taxes payable		12,468,768	12,065,178
Borrowings	12	10,825,312	137,113,410
Total current liabilities		54,916,253	186,904,728
Equity			
Share capital	19	14,409,022	753,526,865
Share premium	19	758,294,648	19,176,805
Treasury shares	19	-2,420,972	-2,370,375
Accumulated deficit		-33,293,712	-43,911,112
Cumulative translation adjustment		-194,217,463	-200,746,011
Shareholders' equity attributable to the holders of the Company		542,771,523	525,676,172
Non-controlling interest		10,538,824	10,569,010
Total equity		553,310,347	536,245,182
Total equity and liabilities		1,841,693,018	1,844,882,222
Number of shares outstanding		14,324,238	14,326,000
Net asset value per share		37.89	36.69

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

in US\$	Note *	for six months ended	
		30.06.2021	30.06.2020
Rental income			
Gross rental income	13	33,853,674	31,066,966
Service charge income	13	7,535,500	5,619,489
Property operating and maintenance expenses	13	-9,385,945	-7,640,818
Net rental income		32,003,229	29,045,637
Gains and losses arising from the sales of properties			
Sales of properties	14	12,450,400	27,913,900
Cost of sales	14	-10,651,781	-15,459,063
Net gain arising from the sales of properties		1,798,619	12,454,837
Management fees	21	-2,028,251	-1,580,828
Administrative and selling expenses	15	-2,206,058	-2,321,766
Other income	17	2,452,129	371,423
Other expenses	18	-837,951	-1,623,652
Revaluation of investment properties	6,8	16,505,146	21,151,198
Net operating profit		47,686,863	57,496,849
Interest income		171,719	194,295
Finance cost	16	-20,745,230	-18,257,788
Net foreign exchange loss		-7,228,375	-28,134,006
Profit before tax		19,884,977	11,299,350
Income taxes		-8,954,965	-1,447,831
Net profit for the period		10,930,012	9,851,519
Attributable to:			
Equity holders of the Company		10,617,400	10,339,722
Non-controlling interest		312,612	-488,203
Earnings per share for profit attributable to equity holders of the Company during the period			
Weighted average number of outstanding shares		14,324,721	9,900,051
Basic and diluted		0.74	1.04

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

in US\$	for six months ended	
	30.06.2021	30.06.2020
Net profit for the period	10,930,012	9,851,519
Other comprehensive gain/(loss)		
Other comprehensive gain/(loss) to be reclassified to profit or loss in subsequent periods:		
Gain/(loss) on currency translation differences	6,185,750	-42,808,575
Net other comprehensive gain/(loss) to be reclassified to profit or loss in subsequent periods	6,185,750	-42,808,575
Total comprehensive gain/(loss) for the period	17,115,762	-32,957,056
Attributable to:		
Equity holders of the Company	17,145,948	-33,138,612
Non-controlling interest	-30,186	181,556

in US\$	Note *	for six months ended	
		30.06.2021	30.06.2020
Cash flows from operating activities			
Net profit for the period		10,930,012	9,851,519
Net foreign exchange loss		7,228,375	28,134,006
Revaluation of investment properties	6	-16,505,146	-21,151,198
Other non-cash expenses		517,728	979,004
Gain arising from sale of investment property		-	-11,603,782
Depreciation		5,743	7,636
Interest income		-171,719	-194,295
Finance costs	16	20,745,230	18,257,788
Gain on purchase price adjustment related to acquisitions of prior periods	17	-1,218,790	-
Income tax expense		8,954,965	1,447,831
Cash generated from operations before movements in working capital		30,486,398	25,728,509
Movements in working capital			
(Decrease)/increase in accounts payable and other liabilities		-2,688,897	2,000,263
Increase in accounts receivable and other receivables		-1,494,013	-7,265,356
Decrease in inventory		10,651,781	6,630,063
Cash generated from operations		36,955,269	27,093,479
Interest income received		171,719	194,295
Income tax paid		-5,089,561	-3,675,403
Net cash generated from operating activities		32,037,427	23,612,371
Cash flows from investing activities			
Purchases of investment properties		-8,128,692	-180,771,628
Proceeds from sales of investment properties		402,008	-
Transfer of funds from Escrow accounts		4,181	-
Reimbursement from seller after adjustment of purchase price on acquisitions of prior periods	17	1,218,790	-
Net cash used in investing activities		-6,503,713	-180,771,628
Cash flows from financing activities			
Interest paid	16	-15,907,185	-14,821,148
Proceeds from notes payable		-	247,039,409
Proceeds from borrowings, net of transaction costs	12	116,982,325	-
Repayment of borrowings	12	-126,808,230	-
Proceeds from sale of treasury shares		551	-
Acquisition of treasury shares		-51,148	-266,796
Net cash (used in)/ generated from financing activities		-25,783,687	231,951,465
Net change in cash & cash equivalents		-249,973	74,792,208
Cash & cash equivalents at the beginning of the period	11	127,622,973	29,372,573
Net (loss)/gain from foreign currency translation		-6,705,113	749,008
Cash & cash equivalents at the end of the period	11	120,667,887	104,913,789

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

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

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

Non-cash transactions

In 6 months ended 30 June 2021 and 2020, the non-cash transactions, excluding those described in Note 12, were insignificant. Changes in liabilities arising from financing activities are disclosed in Note 12.

in US\$	Share capital	Share premium	Treasury shares
Balance as at 01.01.2020	590,539,374	19,176,805	-1,975,238
Net profit/(loss) for the period	-	-	-
Other comprehensive (loss)/gain	-	-	-
Total comprehensive gain/(loss) for the period	-	-	-
Acquisition of treasury shares	-	-	-266,796
Acquisition of a subsidiary during the period	-	-	-
Balance as at 30.06.2020	590,539,374	19,176,805	-2,242,034
Net profit for the period	-	-	-
Other comprehensive (loss)/gain	-	-	-
Total comprehensive gain/(loss) for the period	-	-	-
Allocation of newly issued shares net of transaction cost	162,987,491	-	-
Acquisition of treasury shares	-	-	-128,341
Acquisition of a subsidiary during the period	-	-	-
Balance as at 31.12.2020	753,526,865	19,176,805	-2,370,375
Net profit for the period	-	-	-
Other comprehensive gain/(loss)	-	-	-
Total comprehensive gain/(loss) for the period	-	-	-
Acquisition of treasury shares, net of sale (sale for 551 US\$, purchase for 51.148 US\$)	-	-	-50,597
Share capital repartition (Note 19)	-739,117,843	739,117,843	-
Balance as at 30.06.2021	14,409,022	758,294,648	-2,420,972

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

Accumulated deficit	Currency translation adjustment	Shareholders' equity attributable to the holders of the Company	Non-controlling interest	Total equity
-70,893,189	-133,371,463	403,476,289	3,856,167	407,332,456
10,339,722	-	10,339,722	-488,203	9,851,519
-	-49,183,398	-49,183,398	669,759	-48,513,639
10,339,722	-49,183,398	-38,843,676	181,556	-38,662,120
-	-	-266,796	-	-266,796
-	-	-	5,516,426	5,516,426
-60,553,467	-182,554,861	364,365,817	9,554,149	373,919,966
16,642,355	-	16,642,355	74,571	16,716,926
-	-18,191,150	-18,191,150	454,142	-17,737,008
16,642,355	-18,191,150	-1,548,795	528,713	-1,020,082
-	-	162,987,491	-	162,987,491
-	-	-128,341	-	-128,341
-	-	-	486,148	486,148
-43,911,112	-200,746,011	525,676,172	10,569,010	536,245,182
10,617,400	-	10,617,400	312,612	10,930,012
-	6,528,548	6,528,548	-342,798	6,185,750
10,617,400	6,528,548	17,145,948	-30,186	17,115,762
-	-	-50,597	-	-50,597
-	-	-	-	-
-33,293,712	-194,217,463	542,771,523	10,538,824	553,310,347

1. CORPORATE INFORMATION

EPH European Property Holdings Limited (former “Eastern Property Holdings Ltd”) is a limited liability company incorporated and domiciled in British Virgin Islands whose shares are publicly traded on the SIX Swiss Exchange. The registered office is located at Hauteville Trust (BVI) Limited, P.O. Box 3483, Road Town, Tortola, British Virgin Islands.

The Interim Condensed Consolidated Financial Statements (unaudited) of EPH European Property Holdings Limited (the “Company” or “EPH”) and its subsidiaries (together the “Group”) for the half year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 28 September 2021. The principal activities of the Group are given in Note 5.

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

2. BASIS OF PREPARATION

The Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021 have been prepared in accordance with IAS 34, ‘Interim financial reporting’. The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020.

Management prepared these Interim Condensed Consolidated Financial Statements on a going concern basis.

Functional and presentation currency

The functional currency of the Company is the US dollar (“US\$”). The functional currency of the Group’s major subsidiaries is the Russian Ruble (“RUB” for Russian subsidiaries) and Euro (“EUR”) (for German and Austrian subsidiaries). Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates. The Interim Condensed Consolidated Financial Statements are presented in US dollars (“US\$”).

Foreign currency exchange rates

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

in US\$	30.06.2021		31.12.2020		30.06.2020	
	RUB	EUR	RUB	EUR	RUB	EUR
closing rate	73.1879	0.8413	75.0596	0.8143	70.6570	0.8912
average rate	74.6253	0.8316	72.9358	0.8727	70.2545	0.9054

Income tax

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

Seasonality of interim operations

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

3. CHANGES IN ACCOUNTING POLICIES

New amendments and improvements to standards set out below became effective 1 January 2021, if not indicated other, and did not have any impact or did not have a material impact on the Group's Interim Condensed Consolidated Financial Statements:

- IFRS 9/IAS 39/IFRS 7/IFRS 4/IFRS 16, Interest rate benchmark reform ("IBOR") – phase 2;
- IFRS 4: Extension of the temporary exemption from applying IFRS 9;
- IFRS 16: COVID-19 related rent concessions beyond 30 June 2021 (effective from April 2021). Amendment applies to lessees. The operations where the Group acts as lessee are not significant.

Early adoption of standards

In the first half of 2021, 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.

Changes in presentation and respective adjustments to comparative financial information

The Group revisited its approach to presentation of the financial statements in terms of materiality and aggregation of items to improve their understandability for the users and to be in line with best industry practice.

In deciding which items to aggregate, the Group follows the guidance below:

- each material class of similar items is presented separately;
- material items of dissimilar nature or function are presented separately;
- immaterial items of assets and liabilities are aggregated if they are of the same liquidity interval (current, non-current) and the same monetary nature (monetary, non-monetary) as defined by IAS 21;
- immaterial items are not aggregated if their aggregation will aggravate understandability of the financial statements.

Materiality is defined as Group-specific aspect of relevance of items based on their nature or magnitude, or both. Information is material if omitting it or misstating it could influence decisions that users make on the basis of financial statements.

Based on the review of how the Group's financial statements comply with the rules described above, management of the Group made changes in the presentation of statement of profit and loss, whereas other statements are recognized as being in line with them and, therefore, are not changed.

Management performs analysis of the relevance of presentation on a regular basis and further reasonable changes may happen in the future.

Changes in statement of profit and loss

- 1) Several items of similar nature or function are aggregated (see the table below).
- 2) Sub-headings and sub-totals "Administrative and selling expenses", "(Net) Other income/(expenses)", "(Net) Valuation movements" are removed and respective items are given down in a row after "Net rental income" and "Net gain arising from the sales of properties".
- 3) "Interest income" and "Net foreign exchange (loss)/gain" are placed below "Net operating profit" sub-total and down in a row with "Finance cost" (previously, these items were presented as part of "Net operating gain before finance cost").
- 4) The sub-total title "Net operating gain before finance cost" is replaced with title "Net operating profit".
- 5) The sub-total title "Gain before taxes" is replaced with title "Profit before tax".



in US\$	for six months ended 30.06.2020	aggregation adjustment	for six months ended 30.06.2020
	before aggregation adjustments	after aggregation adjustments	after aggregation adjustments
Property operating and maintenance expenses	–	–7,640,818	–7,640,818
Utilities	–1,740,650	1,740,650	–
Property operating expenses	–2,755,659	2,755,659	–
Repair and maintenance costs	–361,697	361,697	–
Ground rents paid	–201,523	201,523	–
Non-income taxes	–2,581,289	2,581,289	–
Administrative and selling expenses	–	–2,321,766	–2,321,766
Professional and administration fees	–1,701,549	1,701,549	–
Selling expenses	–384,632	384,632	–
Salaries and social charges	–235,585	235,585	–
Other expenses	–1,616,016	–7,636	–1,623,652
Depreciation	–7,636	7,636	–
Revaluation of investment properties	–	21,151,198	21,151,198
Valuation movements	–	–	–
Net (loss)/gain from fair value adjustment on investment properties	–57,345,482	57,345,482	–
Net gain/(loss) due to effect of currency fluctuation on valuation of investment property	78,496,680	–78,496,680	–
Net valuation movements	21,151,198	–21,151,198	–



4. CHANGES IN ACCOUNTING ESTIMATES

Valuation of Investment property

Refer to Note 8.

There are no significant changes in other accounting estimates and judgments as compared to the consolidated financial statements for the year ended 31 December 2020.

5. SEGMENT INFORMATION

Information on the major customers and gross and net rental income of the Rental properties segment on asset by asset basis is given in Note 13.

Assets STRAL 3, SALZ 4 and QBC 1,2,7, acquired in April, July and December 2020, accordingly, refer to the Rental Properties Segment based on its business nature, production processes, type of customer, distribution methods and other characteristics. Asset LASS 1, acquired in June 2020, refers to the newly introduced segment Rental Property Under Construction.

Upon completion of construction and start of leases, expected in June 2022, the asset will be reclassified to Rental Properties Segment.

For the period of one day after acquisition up to 30 June 2020, there were no operations at the segment.

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

Therefore, the notes as well as interest expensed or capitalised for them are also presented in Rental Properties and Rental Property Under Construction segments in proportion to the value of the properties. Revenue of the Group by operating activities for the periods is as follows:

for six months ended 30.06.2021

in US\$	Rental properties	Rental properties under construction	Residential properties for sale	Other segments	Total
Gross rental income	33,853,674	–	–	–	33,853,674
Other rental expenses	–1,850,445	–	–	–	–1,850,445
Net rental income	32,003,229	–	–	–	32,003,229
Sales of properties	–	–	12,450,400	–	12,450,400
Net gain arising from the sales of properties	–	–	1,798,619	–	1,798,619
Interest income	122,145	–	49,574	–	171,719
Net foreign exchange loss	–315,434	–	–10,421	–6,902,520	–7,228,375
Revaluation of investment properties	16,505,146	–	–	–	16,505,146
Finance costs	–19,707,691	–112,242	–849,012	–76,285	–20,745,230
Income tax expense	–8,903,393	–	–24,709	–26,863	–8,954,965
Other expenses	–179,302	–35,649	–1,111,393	–1,293,787	–2,620,131
Net profit/ (loss) for the period	19,524,700	–147,891	–147,342	–8,299,455	10,930,012

for six months ended 30.06.2020

in US\$	Rental properties	Residential properties for sale	Other segments	Total
Gross rental income	31,066,966	–	–	31,066,966
Other rental expenses	–2,021,329	–	–	–2,021,329
Net rental income	29,045,637	–	–	29,045,637
Sales of properties	20,432,782	7,481,118	–	27,913,900
Net gain arising from the sales of properties	11,603,782	851,055	–	12,454,837
Interest income	150,285	44,010	–	194,295
Net foreign exchange (loss)/gain	–2,705,821	58,536	–25,486,721	–28,134,006
Revaluation of investment properties	21,099,244	–	51,954	21,151,198
Finance costs	–17,019,108	–849,730	–388,950	–18,257,788
Income tax expense	810,487	–2,207,798	–50,520	–1,447,831
Other expenses	–1,355,630	–1,672,352	–2,126,841	–5,154,823
Net profit / (loss) for the period	41,628,876	–3,776,279	–28,001,078	9,851,519

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

Assets and liabilities valuation as of 30.06.2021

	Rental Properties	Rental Property Under Construction	Residential Properties for sale	Other Segments	Total
Investment properties	1,417,597,867	118,508,300	–	–	1,536,106,167
Goodwill	74,092,154	–	–	–	74,092,154
Inventory	–	–	77,408,399	–	77,408,399
Cash & cash equivalents	79,863,182	46,173,033	2,235,732	9,433,480	137,705,427
Other Assets	11,539,999	2,697,433	1,315,691	827,748	16,380,871
Total Assets	1,583,093,202	167,378,766	80,959,822	10,261,228	1,841,693,018
Total Liabilities	1,143,709,591	110,982,821	33,485,902	204,357	1,288,382,671

Assets and liabilities valuation as of 31.12.2020

	Rental Properties	Rental Property Under Construction	Residential Properties for sale	Other segments	Total
Investment properties	1,412,648,407	112,603,030	–	–	1,525,251,437
Goodwill	75,036,169	–	–	–	75,036,169
Inventory	–	–	86,044,974	–	86,044,974
Cash & cash equivalents	70,287,642	1,368,096	4,183,581	67,422,775	143,262,094
Other Assets	9,783,606	1,212,172	3,229,441	1,062,329	15,287,548
Total Assets	1,567,755,824	115,183,298	93,457,996	68,485,104	1,844,882,222
Total Liabilities	1,162,907,119	110,804,608	34,472,177	453,136	1,308,637,040

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

for six months ended 30.06.2021

in US\$	Russia	Germany	Austria	Total
Gross rental income	22,297,579	8,575,676	2,980,419	33,853,674
Net rental income	21,827,906	7,372,358	2,802,965	32,003,229
Sales of residential properties	12,450,400	–	–	12,450,400

Carrying amount of:

Investment property	570,266,356	422,560,324	543,279,487	1,536,106,167
Goodwill	45,621,368	16,076,120	12,394,666	74,092,154
Inventory	77,408,399	–	–	77,408,399
Total	693,296,123	438,636,444	555,674,153	1,687,606,720

for six months ended 30.06.2020

in US\$	Russia	Germany	Austria	Total
Gross rental income	23,735,135	5,378,476	1,953,355	31,066,966
Net rental income	22,743,246	4,349,036	1,953,355	29,045,637
Sales of residential and investment properties	27,913,900	–	–	27,913,900

Carrying amount of:

Investment property	599,047,834	341,225,314	198,004,230	1,138,277,378
Prepayments for future acquisitions	–	–	23,068,555	23,068,555
Goodwill	45,621,368	15,175,987	11,700,665	72,498,020
Inventory	102,662,027	–	–	102,662,027
Total	747,331,229	356,401,301	232,773,450	1,336,505,980

6. INVESTMENT PROPERTY

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

for six months ended 30.06.2021

in US\$	Berlin House	Geneva House	Polar Lights	Hermitage Plaza	Magistral'naya	Arbat
Beginning of the period	149,074,258	134,013,000	98,638,000	178,633,000	3,593,000	9,540,000
Additions from subsequent expenditure	31,995	64,018	336,565	27,876	–	–
Borrowing costs (2)	–	–	–	–	–	–
Other	–10,850	–	–385,650	–54,110	–	–
Revaluations (3)	–4,007,815	–8,457,018	3,571,085	4,823,234	817,000	10,000
Land lease obligations	8,768	–	–	–	–	–
Effect of translation to presentation currency	–	–	–	–	–	–
End of period	145,096,356	125,620,000	102,160,000	183,430,000	4,410,000	9,550,000

as of 30.06.2021

Market value as estimated by the external valuer	144,750,000	125,620,000	102,160,000	183,430,000	4,410,000	9,550,000
Carried at cost of acquisition	–	–	–	–	–	–
Add: land lease obligation recognised separately	346,356	–	–	–	–	–
Carrying amount for financial reporting purposes	145,096,356	125,620,000	102,160,000	183,430,000	4,410,000	9,550,000

for the year ended 31.12.2020

in US\$	Berlin House	Geneva House	Polar Lights	Hermitage Plaza	Magistral'naya	Arbat (1)	Scandinavia land plots
Beginning of the period	152,229,774	147,198,000	111,737,000	209,869,000	4,824,000	21,499,000	3,772,677
Acquisitions	–	–	–	–	–	–	–
Additions from subsequent expenditure	12,342	–	587,026	496,143	–	11,331	–
Borrowing costs (2)	–	–	–	–	–	–	–
Disposals (1)	–	–	–	–	–	–8,829,000	–3,008,599
Other	–20,073	–	–1,724,784	–81,210	–	–	–
Revaluations (3)	–3,087,888	–13,185,000	–11,961,242	–31,650,933	–1,231,000	–3,141,331	50,044
Land lease obligations	–59,897	–	–	–	–	–	–
Effect of translation to presentation currency	–	–	–	–	–	–	–814,122
End of period	149,074,258	134,013,000	98,638,000	178,633,000	3,593,000	9,540,000	–

as of 31.12.2020

Market value as estimated by the external valuer	148,714,000	134,013,000	98,638,000	178,633,000	3,593,000	9,540,000	–
Carried at cost of acquisition	–	–	–	–	–	–	–
Add: land lease obligation recognised separately	360,258	–	–	–	–	–	–
Carrying amount for financial reporting purposes	149,074,258	134,013,000	98,638,000	178,633,000	3,593,000	9,540,000	–

in US\$	for six months ended 30.06.2021			
	City Gate	WLC	STRAL 3	SALZ 4
Beginning of the period	153,383,274	108,436,694	110,524,377	57,595,481
Additions from subsequent expenditure	–	–	–	–
Borrowing costs (2)	–	–	–	–
Other	–22,164	–44,954	–	–
Revaluations (3)	3,509,417	1,247,454	1,082,251	721,501
Land lease obligations	–	–	–	–
Effect of translation to presentation currency	–4,962,765	–3,493,943	–3,559,558	–1,856,742
End of period	151,907,762	106,145,251	108,047,070	56,460,240

	as of 30.06.2021			
Market value as estimated by the external valuer	151,907,762	106,145,251	108,047,070	56,460,240
Carried at cost of acquisition	–	–	–	–
Add: land lease obligation recognised separately	–	–	–	–
Carrying amount for financial reporting purposes	151,907,762	106,145,251	108,047,070	56,460,240

in US\$	for the year ended 31.12.2020			
	City Gate	WLC	STRAL 3	SALZ 4
Beginning of the period	139,284,513	100,033,644	–	–
Acquisitions	–	–	111,602,880	62,280,651
Additions from subsequent expenditure	–	–	–	–
Borrowing costs (2)	–	–	–	–
Disposals (1)	–	–	–	–
Other	–42,240	–73,176	–	–
Revaluations (3)	844,349	–958,107	–14,577,809	–6,697,014
Land lease obligations	–	–	–	–
Effect of translation to presentation currency	13,296,652	9,434,333	13,499,306	2,011,844
End of period	153,383,274	108,436,694	110,524,377	57,595,481

	as of 31.12.2020			
Market value as estimated by the external valuer	153,383,274	108,436,694	110,524,377	57,595,481
Carried at cost of acquisition	–	–	–	–
Add: land lease obligation recognised separately	–	–	–	–
Carrying amount for financial reporting purposes	153,383,274	108,436,694	110,524,377	57,595,481

	for six months ended 30.06.2021			
in US\$	QBC 4	QBC 1,2,7	LASS 1	Total
Beginning of the period	128,503,008	280,714,315	112,603,030	1,525,251,437
Additions from subsequent expenditure	–	1,520,504	7,700,534	9,681,492
Borrowing costs (2)	–	–	1,929,559	1,929,559
Other	–	–	–	–517,728
Revaluations (3)	673,401	26,827,661	–	30,818,171
Land lease obligations	–	–	–	8,768
Effect of translation to presentation currency	–4,131,835	–9,335,866	–3,724,823	–31,065,532
End of period	125,044,574	299,726,614	118,508,300	1,536,106,167

	as of 30.06.2021			
Market value as estimated by the external valuer	125,044,574	299,726,614	–	1,417,251,511
Carried at cost of acquisition	–	–	118,508,300	118,508,300
Add: land lease obligation recognised separately	–	–	–	346,356
Carrying amount for financial reporting purposes	125,044,574	299,726,614	118,508,300	1,536,106,167

	for the year ended 31.12.2020			
in US\$	QBC 4	QBC 1,2,7	LASS 1	Total
Beginning of the period	117,068,520	–	–	1,007,516,128
Acquisitions	–	280,714,315	95,617,160	550,215,006
Additions from subsequent expenditure	36,647	–	6,088,299	7,231,788
Borrowing costs (2)	–	–	2,452,342	2,452,342
Disposals (1)	–	–	–	–11,837,599
Other	–	–	–	–1,941,483
Revaluations (3)	249,820	–	–	–85,346,111
Land lease obligations	–	–	–	–59,897
Effect of translation to presentation currency	11,148,021	–	8,445,229	57,021,263
End of period	128,503,008	280,714,315	112,603,030	1,525,251,437

	as of 31.12.2020			
Market value as estimated by the external valuer	128,503,008	–	–	1,131,573,834
Carried at cost of acquisition	–	280,714,315	112,603,030	393,317,345
Add: land lease obligation recognised separately	–	–	–	360,258
Carrying amount for financial reporting purposes	128,503,008	280,714,315	112,603,030	1,525,251,437

The notes 1) - 3) below relate to the tables with balances and movements of investment properties above.

1) Disposal of investment property at Arbat 24.

In June 2020, the Group sold to a third party the office area of 2 600 sqm in Arbat 24 with the carrying amount of US\$ 8.83 million.

2) The Group capitalizes in the cost of rental property under construction interest incurred in connection to the borrowing of funds directly attributable to its acquisition and construction.

3) Effect of currency fluctuation

The fair value of investment property, located in Russia, is determined by using US\$-denominated discounted cash flows. Total result of revaluation consists of the net (loss)/gain from fair value adjustment for the investment properties and net (loss)/gain 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).

in US\$	for six months ended 30.06.2021	for six months ended 30.06.2020	for the year ended 31.12.2020
Revaluation of investment properties			
Net gain/(loss) from fair value adjustment on investment properties	30,818,171	-57,345,482	-85,346,111
Net (loss)/gain due to effect of currency fluctuation on valuation of investment property	-14,313,025	78,496,680	112,475,970
Total revaluation of investment properties	16,505,146	21,151,198	27,129,859

In the table presenting balances and movements of investment properties above, revaluations for the Russian properties are presented free from the effect of fluctuations of RUB. The derived effect of RUB fluctuations over US\$ for the amount of US\$ 14.3 million negative for six months 2021 (full year 2020: US\$112.48 million positive) is set off with the effect of translation from functional to presentation currency for the purposes of the disclosure. On a gross basis, net gain/(loss) due to effect of currency fluctuation on valuation of investment property in Russia is related to the following properties:

in US\$	for six months ended 30.06.2021	for six months ended 30.06.2020	for the year ended 31.12.2020
Berlin House	-3,653,588	18,481,142	26,882,352
Geneva House	-3,199,559	17,902,409	25,756,621
Polar Lights	-2,541,809	13,529,430	19,461,689
Hermitage Plaza	-4,572,747	25,398,373	36,360,597
Magistral'naya	-105,854	583,415	820,838
Arbat Multi-use Complexes	-239,468	2,601,911	3,193,873
Total Net (loss)/gain due to effect of currency fluctuation on valuation of investment property	-14,313,025	78,496,680	112,475,970

as of 30.06.2021

	Berlin House	Geneva House	Polar Lights	Hermitage Plaza	Magistral'naya	Arbat 39 (1)
Country	Russia	Russia	Russia	Russia	Russia	Russia
City	Moscow	Moscow	Moscow	Moscow	Moscow	Moscow
Address	5, Petrovka Street	7, Petrovka Street	26, Pravdy Street	4 & 13,2/4, Krasnoproletarskaya St.	11/2 1st Magistralnaya St	39, Arbat Street
Property description	Office & retail centre	Office & retail centre	Office & retail centre	Office centre	Office centre	Mixed-use: apartments & retail
Class	A	A	B+	A	B	Elite
Building area, sqm	13,381	16,455	37,815	40,216	3,552	10,520
Land	leasehold	leasehold	leasehold	leasehold	leasehold	leasehold
Net rentable area in sqm (BOMA)	10,100	11,970	30,750	32,900	3,177	1,261
office	6,620	10,340	30,490	32,500	3,177	–
retail	3,480	1,630	260	400	–	1,261
other	–	–	–	–	–	–
Parking lots						
underground	62	127	159	284	–	58
surface	–	–	52	–	39	–
Vacancy rate as a % of net rentable area	20.9%	1.4%	0.0%	0.0%	0.0%	77.2%
Lease terms	2021-2030	2021-2035	2021-2026	2021-2026	2023	2023
Weighted average lease term, years	3.6	5.3	2.9	4.2	2.4	2.1
Carrying amount, US\$	145,096,356	125,620,000	102,160,000	183,430,000	4,410,000	9,550,000

(1) Arbat project represents a multi-use building of 10,520 sqm at Abat Street 39 in Moscow. The building includes elite segment apartments and retail/office area. Retail/ office premises have been recognised as investment property and carried at fair value. Main characteristics on retail/ office premises is presented in the table below. Apartments, which are intended for sale, have been recognised as Inventory and carried at cost but tested against an appraisal for impairment at each balance sheet date (Note 9).

City Gate	WLC	STRAL 3	SALZ 4	QBC 4	QBC 1,2,7	LASS 1
Germany Stuttgart	Germany Hamburg	Germany Berlin	Germany Dresden	Austria Vienna	Austria Vienna	Austria Vienna
11, Kriegsbergstrasse	1a, Gorch-Fock-Wall	3, Stralauer Allee	4, Salzgasse	4, Am Belvedere	QBC1:Gertrude-Fröhlich-Sandner-Str; QBC2:5, Wiedner Gürtel; QBC7:Karl Popper Straße ONr. sine	1, Lassallestrasse
Office & retail with restaurant	Office & retail with fitness	Purpose built design hotel (music theme)	Hotel	Office centre	Office buildings & parking	Office building under construction
A	A	4-star	4-star	A	A	n/a
26,445	12,068	28,030	15,620	20,000	QBC1: 10 300; QBC2: 30 600; QBC7: n/a	44 776 (2)
freehold	freehold	freehold	freehold	freehold	freehold	freehold
17,231	12,038	20,160	15,550	17,425	QBC1: 9 252; QBC2: 30 062; QBC 7: 679 parking lots	29 048 (2)
15,378	6,171	n/a	–	17,425	QBC1: 7 848; QBC2: 25 182	n/a
1 246 (incl. restaurant)	2,519	n/a	261	–	QBC1: 740; QBC2: 3 205	n/a
607	2 416 (fitness), 932 (other)	20 160 (304 rooms, restaurant, spa, music stage, record studios)	15 289 (180 rooms, a spa, restaurant, bar)	–	QBC1: 664; QBC2: 1 675	n/a
145	89	86	46	71	679	n/a
–	–	39	–	–	–	n/a
0.0%	0.0%	0.0%	0.0%	0.0%	QBC1: 0,9%; QBC2: 6,9%	n/a
2022-2031	2023-2032	2035	2029	unlimited	QBC1: 2026-2040; QBC2: 2026 - 2041; QBC7: 2038	n/a
5.5	6.7	14.5	8.5	unlimited	QBC1&2: 10; QBC7: 17,5	n/a
151,907,762	106,145,251	108,047,070	56,460,240	125,044,574	299,726,614	118,508,300

(2) Expected area after completion of construction is given.

7. ACQUISITIONS OF INVESTMENT PROPERTY

During six months ended 30 June 2021, the Group did not acquire new investment property. All additions in the period consist of subsequent expenditure on the properties. Acquisitions of investment properties in year 2020 and their further developments, if applicable, are described below.

STRAL 3

On 2 April 2020, the Group acquired freehold land plot and the hotel building in Stralauer Allee 3,4,5,6,10245 Berlin (Friedrichshain area). The property is leased in its entirety to the hotel operator Nhow Hotel, part of the NH Hotel Group, for over 15 years. The consideration for the Group's share in the property amounted to EUR 90.9 million (US\$ 98.9 million), which were fully paid as of 31 December 2020. The total value of the investment property at the date of acquisition amounted to EUR 102.9 million (US\$ 111.7 million), including transaction related costs in the amount of EUR 1.3 million (US\$ 1.4 million) incurred by the Group.

LASS 1

On 29 June 2020, the Group acquired freehold land plot and building in Lassallestrasse 1 in Vienna. The mixed-use building was originally built in 1993 and is currently undergoing a refurbishment that is expected to be completed in June 2022. Tenants of the building will include City of Vienna, the State Police and the supermarket Merkur, with an average lease of more than 10 years. The tenants will move in after completion of construction and refurbishment expected in June 2022.

At the date of acquisition, 28% of the area were contracted for lease. Percentage of the areas contracted for lease increased to 89% by the date of authorisation of these financial statements (62% as of 31 December 2020). The price of the property is agreed as initial payment plus contingent consideration when the Group is obligated to make additional payments if the future event or condition occurs. Initial consideration amounted to EUR 72.3 million (US\$ 81.1 million), which are fully repaid as of 30 June 2021. Additional payments are contingent on future events, primarily conclusion of the new leases and construction progress. In addition to the share purchase agreement, the Group also concluded general construction agreement with the seller for EUR 50 million (US\$ 56.1 million) for construction work at the building. Final purchase price for the property will be determined at construction completion date, planned for June 2022, and should not be higher than EUR 145 million (US\$ 172 million), including EUR 50 million (US\$ 59 million) to be paid under the general construction agreement. Transaction related costs of EUR 0.54 million (US\$ 0.61 million) are capitalized in the cost of the investment property.

The Group measures LASS 1 property at cost, since its fair value is not reliably measurable in the refurbishment stage, until its fair value becomes reliably measurable, or construction is completed (whichever is earlier). Contingent payments will be recognized in the cost of the property, when incurred.

After acquisition up to 31 December 2020, the Group paid EUR 11.6 million (US\$ 13.8 million) to the sellers upon realization of some of the contingencies as well as EUR 5.1 million (US\$ 6.1 million) for works under construction agreement. During six months of 2021, the Group did not make any contingency payments to the sellers under the SPA. Under the construction agreement, further expenditure amounted to

EUR 6.4 million (US\$ 7.7 million). The acquisition and further construction costs, incurred up to 31 December 2020, were financed by the funds from subordinated notes issued in 2020 (refer to Note 12).

Until completion of the construction, interest incurred is capitalized in the cost of investment property. During six months 2021, the Group capitalized EUR 1.6 million (US\$ 1.9 million) of borrowing costs (2020: EUR 2.1 million (US\$ 2.5 million)). Further capital expenditure after 31 December 2020 is financed from funds raised on additional issue of ordinary shares at the end of 2020.

SALZ 4

On 2 July 2020, the Group acquired the hotel property in Salzgasse 4 in Dresden, Germany. The property is occupied by 4-star Hotel Inside Dresden of Melia Hotels&Resorts Group. The current lease agreement with Melia Hotels International runs till December 2029. The consideration amounted to EUR 31 million (US\$ 36.8 million). As of 30 June 2021, payable to the sellers is EUR 1 million (US\$ 1.2 million) (31 December 2020: EUR 1 million (US\$ 1.2 million)).

Total value of the investment property at the day of acquisition amounted to EUR 52.5 million (US\$ 62.3 million), including transactions costs of EUR 1 million (US\$ 1.2 million). With the property, the Group also acquired the liability on Unicredit bank loan for the amount EUR 19 mln (US\$ 22.6 million) at the date of acquisition. The Group will pay real estate transfer tax (RETT) on the deal of EUR 1.8 million (US\$ 2.14 million) which is outstanding as of 30 June 2021 and 31 December 2020. As of 30 June 2021, cash on Escrow account in the amount of EUR 2.8 million (US\$ 3.3 million) is retained to repay the remaining liability to the sellers and the tax when they fall due (31 December 2020: EUR 2.8 million (US\$ 3 million)).

QBC 1,2,7

On 29 December 2020, the Group acquired office properties QBC 1,2 and underground car park QBC 7. The forward purchase agreement was concluded in August 2019, when the Group made a down payment of EUR 20 million (US\$ 23 million). In December 2020, the deal was successfully completed. QBC 1 & 2 is rented to reputable office tenants including Grant Thornton, Regionalmedien Austria and CBRE as well as commercial tenants like Hofer, Österreichische Post, a pharmacy and a restaurant.

The value of the property amounted to EUR 228.6 million (US\$ 280.7 million), including transaction cost of EUR 0.58 million (US\$ 0.7 million). In the course of the transaction, the Group has taken over existing financing in the amount of approximately EUR 107 million (US\$ 131.5 million) granted by Raiffeisen Bank International AG refinanced by Unicredit bank loan in March 2021.

Total consideration amounted to EUR 117 million (US\$ 144 million), of which EUR 10 million (US\$ 12 million) are retained on Escrow account as of 30 June 2021 and 31 December 2020 and fall due upon fulfilment by the sellers of certain conditions mainly in respect of future lease out of vacant areas and EUR 20 million (USD 23 million) was set off against prepayment made in 2019 year. The amount of retention is accounted for as financial liability at fair value through profit and loss and will be reassessed each reporting date.



Selig sind die Frieden stiften
Matthew 5:9

Blessed are the peace-makers
Matthew 5:9

8. FAIR VALUE MEASUREMENT – INVESTMENT PROPERTY

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

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

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

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

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

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

Techniques used for valuing investment property

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

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

Investment properties fair value hierarchy

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

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

As of 30 June 2021 and 31 December 2020, the Group held the investment properties carried at fair value determined by the Level 3 technique. During six months ending 30 June 2021 and the year ending 31 December 2020, there were no transfers to and from Level 1&2 fair value measurements.

Valuation techniques used to derive Level 3 fair values

The table below presents the following for each investment property:

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

Property	Fair value as of 30.06.2021	Valuation technique	Key unobservable inputs	Range (Weighted average), per sqm p.a.
Berlin House	\$144,750,000	DCF	ERV	US\$ 650- US\$ 2,780 (US\$ 1,228)
			Discount rate	10.50%
			Capitalisation rate	8.50%
Geneva House	\$125,620,000	DCF	ERV	US\$ 650 - US\$ 2,600 (US\$ 817)
			Discount rate	10.50%
			Capitalisation rate	8.50%
Polar Lights	\$102,160,000	DCF	ERV	US\$ 22 - US\$ 1,201 (US\$ 327)
			Discount rate	13.00%
			Capitalisation rate	9.75%
Hermitage Plaza	\$183,430,000	DCF	ERV	US\$ 192 - US\$ 1,655 (US\$ 471)
			Discount rate	12.00%
			Capitalisation rate	9.00%
Magistral'naya	\$4,410,000	DCF	ERV	US\$ 192 (US\$ 192)
			Discount rate	14.75%
			Capitalisation rate	10.75%
City Gate	€ 127,800,000	DCF	ERV	€ 282 - € 288 (€ 296)
			Discount rate	4.35%
			Capitalisation rate	3.85%
Work Life Center	€ 89,300,000	DCF	ERV	€ 228 - € 276 (€ 270)
			Discount rate	4.45%
			Capitalisation rate	3.65%
QBC 4	€ 105,200,000	DCF	ERV	€ 188 - € 204 (€ 200)
			Discount rate	3.75%
			Capitalisation rate	3.25%
STRAL 3	€ 90,900,000	DCF	ERV	n.a.
			Discount rate	6.05%
			Capitalisation rate	4.45%
SALZ 4	€ 47,500,000	DCF	ERV	n.a.
			Discount rate	6.40%
			Capitalisation rate	4.8%
QBC 1,2,7	€ 252,160,000	DCF	ERV	QBC1: € 194 - € 235 (€ 188); QBC2: € 179 - € 209 (€ 175); QBC7: € 1 085 per unit
			Discount rate	QBC1,2: 3,75%, QBC7: 4%
			Capitalisation rate	QBC1,2: 3,25%, QBC7: 3,5%
Arbats 39	\$9,550,000	DCF	ERV	US\$ 547 - US\$ 1,148 (US\$ 719)
			Discount rate	11.75%
			Capitalisation rate	8.75%

Property	Fair value as of 31.12.2020	Valuation technique	Key unobservable inputs	Range (Weighted average), per sqm p.a.
			ERV	US\$ 700- US\$ 2,700 (US\$ 1,238)
			Discount rate	10.50%
Berlin House	\$148,714,000	DCF	Capitalisation rate	8.50%
			ERV	US\$ 700 - US\$ 2,600 (US\$ 851)
			Discount rate	10.50%
Geneva House	\$134,013,000	DCF	Capitalisation rate	8.50%
			ERV	US\$ 20 - US\$ 1,140 (US\$ 315)
			Discount rate	13.00%
Polar Lights	\$98,638,000	DCF	Capitalisation rate	9.75%
			ERV	US\$ 188 - US\$ 1,621 (US\$ 462)
			Discount rate	12.00%
Hermitage Plaza	\$178,633,000	DCF	Capitalisation rate	9.00%
			ERV	US\$ 169 (US\$ 169)
			Discount rate	14.75%
Magistral'naya	\$3,593,000	DCF	Capitalisation rate	10.75%
			ERV	€ 276 - € 300 (€ 291)
			Discount rate	4.35%
City Gate	€ 124,900,000	DCF	Capitalisation rate	3.85%
			ERV	€ 228 - € 276 (€ 270)
			Discount rate	4.40%
Work Life Center	€ 88,300,000	DCF	Capitalisation rate	3.70%
			ERV	€ 186 - € 195 (€ 197)
			Discount rate	3.74%
QBC 4	€ 104,640,000	DCF	Capitalisation rate	3.20%
			ERV	n.a.
			Discount rate	6.10%
STRAL 3	€ 90,000,000	DCF	Capitalisation rate	4.45%
			ERV	n.a.
			Discount rate	6.45%
SALZ 4	€ 46,900,000	DCF	Capitalisation rate	4.8%
			ERV	US\$ 541 - US\$ 1,029 (US\$ 718)
			Discount rate	11.75%
Arbats 39	\$9,540,000	DCF	Capitalisation rate	8.75%

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

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

- ERV
- Discount rate
- Capitalisation rate

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

The table below presents the sensitivity of the valuation to changes in the most significant unobservable inputs used in the fair value measurement categorized within Level 3.

30.06.2021 in US\$	Effect on fair value	
	Sensitivity used	Rental properties
Decrease in ERV	5%	–41,236,912
Increase in discount rate	25 bps	–25,660,538
Increase in capitalisation rate	25 bps	–47,907,446
31.12.2020 in US\$	Effect on fair value	
	Sensitivity used	Rental properties
Decrease in ERV	5%	–31,687,697
Increase in discount rate	25 bps	–17,452,288
Increase in capitalisation rate	25 bps	–33,459,390

Valuation Uncertainty as of 30 June 2021 and 31 December 2020

COVID-19 continues to impact the global economy. At both dates, most of the available market data refers to the epidemic downturns in 2020 as well as in spring 2021, and the outlooks given are inconsistent. Thus, less weight still can be attached to previous market evidence for comparison purposes to inform opinions on value. Management has faced with an unprecedented set of circumstances on which to base a judgement. The fair value valuations are 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.

9. INVENTORY

in US\$	for six months ended 30.06.2021	for the year ended 31.12.2020
Inventory		
Beginning of the period	86,044,974	124,420,990
Disposal	-10,651,781	-17,024,275
Effect of translation to presentation currency	2,015,206	-21,351,741
End of period	77,408,399	86,044,974

ARBAT MULTI-USE COMPLEXES (APARTMENT PREMISES)

Inventory consists of residential properties at Arbat Multi-use complexes. Arbat projects represent two multi-use buildings of 24,630 and 10,520 sqm at Arbat Street 24 and Arbat Street 39 in Moscow. The part of the project representing residential properties and parking lots on sale is recognized as inventory. As of 30 June 2021, the Group owns the apartments with total area of approx. 7,200 sqm (31 December 2020: 8,100 sqm). In the reporting period, the Group sold several apartments and parking lots to third parties and recognised gain on sale in the amount of US\$ 1.8 million (2020: US\$ 0.9 million). Refer to Note 14.

The carrying value of the inventory is measured at the lower of cost and net realisable value. As of 30 June 2021 and 31 December 2020, the cost of the inventory is lower than its net realisable value.

10. ACCOUNTS RECEIVABLE

in US\$	30.06.2021	31.12.2020
Non-current Accounts receivable		
Receivable on sale of investment property Scandinavia land plot	546,538	932,592
Total	546,538	932,592
Current Accounts receivable		
Rental receivable	6,051,534	3,966,240
Receivable on sale of properties	1,105,235	3,050,402
Other receivable	1,517,645	659,258
Total	8,674,414	7,675,900
Total Accounts receivable	9,220,952	8,608,492

11. CASH AND CASH EQUIVALENTS

in US\$	30.06.2021	31.12.2020
Cash at bank	111,461,775	114,308,459
Fiduciary deposits (1)	9,188,335	13,315,111
Cash in transit	18,352	-
Cash and cash equivalents available	120,668,462	127,623,570
Bank overdrafts (Note 12)	-575	-597
Total cash and cash equivalents available with bank overdrafts	120,667,887	127,622,973
Restricted cash: tenants deposits	1,904,464	-
Restricted cash: escrow accounts (2)	15,132,501	15,638,524
Total Cash and cash equivalents with bank overdrafts	137,704,852	143,261,497

(1) Fiduciary deposits are denominated in RUB and have different terms up to 30 days and interest rates of 1,5% – 5,05% p.a.

(2) Cash in Euro on escrow account at notary is kept for settlements on acquisition of SALZ 4 and QBC 1,2,7 projects (refer to Note 7).

12. BORROWINGS

 in US\$ 30.06.2021 31.12.2020

Borrowings (long term)	currency of issue	nominal interest	repayment date		
Bonds issued	US\$	5,5% - 7,25%	Sept. 2023; May and Dec. 2024	454,410,615	454,296,850
Notes payable due to Aurora Value Fund	EUR	1,5%; 1,7%; 3,5%; 3,5%	Dec. 2022; Feb. 2024; March 2023; June 2023	346,730,664	358,223,060
Notes payable due to Lionshare Opportunities Fund	EUR	1,5%; 1,7%; 3,5%	Dec. 2022; Feb. 2024; March 2023	37,323,767	38,560,864
UniCredit - QBC4 loan	EUR	3M EURIBOR +1,125%	April 2024	60,245,120	62,242,686
UniCredit - QBC1&2 loans	EUR	3M EURIBOR +1,3%	Dec. 2030	118,397,885	–
UniCredit - SALZ4 loan	EUR	1M EURIBOR +1,05%	Dec. 2029	20,514,383	21,747,206
Jilford Investments Limited	US\$	7%	Dec. 2022	30,410,921	29,574,172
AVM Invest	EUR	4.5%	Dec. 2031	5,587,061	5,772,312
Jelfor Limited	EUR	4,5%	Dec. 2022	4,693,991	4,756,316
Meglior Holdings Limited	EUR	4,26%	Oct. 2026	1,546,170	1,597,437
Total				1,079,860,577	976,770,903

Borrowings (short term)

Bonds interest accrued	US\$	5,5% - 7,25%		3,712,500	3,712,500
Notes payable due to Aurora Value Fund	EUR	1,5%; 1,7%		5,067,533	–
Notes payable due to Lionshare Opportunities Fund	EUR	1,5%; 1,7%		543,215	–
Raiffeisen Bank	EUR	3M EURIBOR +1,32%	June 2021	–	131,451,066
UniCredit - SALZ4 loan	EUR	1M EURIBOR +1,05%		1,069,773	1,105,244
Meglior Holdings Limited	EUR	4,26%		307,389	283,835
AVM Invest	EUR			124,327	–
Bank overdrafts	US\$			575	597
Other loans				–	560,168
Total				10,825,312	137,113,410

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.

The information on all four bond placements performed by the Company is presented in the table:

	Nominal value, US\$	Amortised cost, US\$	Nominal interest rate	Interest payment date	Maturity date
Bonds issued in Aug 2014	140,000,000	139,840,634	5.5%	March and September	Sep 2023
Bonds issued in Sep 2014	130,000,000	129,863,818	5.5%	March and September	Sep 2023
Bonds issued in Jun 2015	135,000,000	134,804,212	7.25%	June and December	May 2024
Bonds issued in Dec 2015	50,000,000	49,901,951	6.75%	June and December	Dec 2024
Total	455,000,000	454,410,615			

NOTES PAYABLE

In December 2017, to finance the acquisition of Work Life Center the Company issued subordinated registered notes nominated in EUR for the total amount of EUR 56.0 million with 1.7% annual interest maturing in December 2022. Notes with the total amount of EUR 50.5 million were issued to Company's majority shareholder, Aurora Value Fund and notes with the total amount of EUR 5.5 million were issued to Lionshare Opportunities Fund ("Lionshare").

In February 2019, the Company has received EUR 43 million by issuance of subordinated and secured notes to the same largest shareholders (EUR 38.7 million to Aurora Value Fund and EUR 4.3 million to Lionshare Opportunities Fund) at interest rate of 1.5% p.a. and secured by pledge of 100% of the shares of the Cyprus holding company of City Gate Stuttgart GmbH, Ferran Limited. Unless previously redeemed, the Company undertakes to repay all outstanding notes at par of their aggregate principal amount, without further notice on 21 February 2024. At any time after 1 March 2019, the Company may redeem all but not only some of the notes for the time being outstanding at par with interest accrued to the day of redemption.

In March 2020, the Company issued additionally subordinated unsecured notes to Aurora (EUR 183 million) and Lionshare (EUR 21.6 million) at interest rate of 3.5% p.a. Unless previously redeemed, the Company undertakes to repay all outstanding notes at par of their aggregate principal amount, without further notice on 23 March 2023. At any time after 15 March 2020, the Company may redeem all but not only some of the notes for the time being outstanding at par with interest accrued to the day of redemption. In June 2020, additional issue of the subordinated notes to Aurora amounted to EUR 19.4 million, 3.5% p.a. repayable on 22 June 2023 unless previously redeemed in full.

JILFORD LOAN

Loan was obtained in prior periods to finance Arbat Project. It has fixed 7% annual interest rate. Maturity term is 31 December 2022.

UNICREDIT LOAN - QBC 4

The loan represents refinanced credit facility of the Austrian subsidiary QBC Immobilien GmbH&Co Delta KG that was acquired in February 2019. After acquisition of the subsidiary, the loan was refinanced. The loan, denominated in EUR, is repayable in April 2024, with quarterly payments of interest 3M EURIBOR+1.125% p.a. The loan is secured by 100% shares in subsidiary QBC Immobilien GmbH&Co Delta KG that holds investment property.

JELFOR LOAN

The EUR-denominated loan was issued to the German subsidiary WLC by its non-controlling shareholder in 2016, at 4.5% p.a. and repayable in December 2022.

MEGLIOR LOAN

The EUR-denominated subordinated loan was issued to the German subsidiary City Gate by its non-controlling shareholder in 2016, at 4.26 % p.a. and repayable in October 2026.

AVM INVEST LOAN

The loan was provided by the non-controlling shareholder of SA3 Media (hotel property STRAL3), acquired in 2020 year, in the amount EUR 4.70 million (US\$ 5.27 million), at 4.5% p.a., unsecured. Maturity is December 2031.

UNICREDIT LOAN – SALZ 4

The EUR-denominated loan was acquired with the property SALZ 4 (Note 7). It is repaid in quarterly partial instalments and final payment of EUR 9.76 million on 31 December 2029, bearing 1M EURIBOR+1.05%. The loan is secured with the property SALZ 4 (land and building) owned by the debtor subsidiary SA3 Media S.a.r.l. as well as all current and future rental receivables.

RAIFFEISEN BANK LOANS

Two EUR-denominated loans were acquired in 2020 with the entities QBC Immobilien GmbH and Co. Omega KG ("QBC 1") (EUR 25.81 million, or US\$ 31.69 million) and QBC Immobilien GmbH and Co. Alpha KG ("QBC 2") (EUR 81.23 million, or US\$ 99.76 million). The maturity of both loans was 30 June 2021 with the interest 3M EURIBOR +1.32%. The loans were fully repaid upon receipt of the new loan facility from Unicredit bank in March 2021.

UNICREDIT LOANS – QBC 1&2

Two EUR-denominated loans were acquired in March 2021 with the entities QBC Immobilien GmbH and Co. Omega KG ("QBC 1") (EUR 23 million) and QBC Immobilien GmbH and Co. Alpha KG ("QBC 2") (EUR 77 million). The maturity of both loans is 31 December 2030 with the interest 3M EURIBOR +1.30%. Transaction costs on acquisition of the loans amounted to US\$ 0.5 million (EUR 0.4 million). Loans are measured at amortised cost using the 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 and loss.

OTHER LOANS

As of 30 June 2021, other loans are repaid. As of 31 December 2020, other loans comprise of two outstanding liabilities:

- US\$ 0.32 million (EUR 0.26 million) is remaining loan to the previous shareholder of newly acquired Ramses (LASS 1 property) (Note 7), 0%. The liability was settled in February 2021;
- US\$ 0.53 million (EUR 0.43 million) represent VAT loans from Raiffeisen Bank given to QBC Immobilien GmbH and Co. Omega KG and QBC Immobilien GmbH and Co. Alpha KG: VAT on invoices is financed by the bank. Simultaneously, all VAT received back from authorities arrive at this account and balance the loan.

As of 30 June 2021, fair values of the borrowings approximate their carrying amounts. The changes in the balance of borrowings during six months ended 30 June 2021 and 30 June 2020, excluding overdraft, are given below:

in US\$	Bonds issued	Notes payable	Bank and other loans	Total
Balance as of 1 January 2021	458,009,350	396,783,924	259,090,442	1,113,883,716
Cash flows, net	- 14,006,250	-	- 11,326,742	- 25,332,992
Non-cash movements:	-	-	-	-
Interest accruals (1)	14,120,015	5,544,632	2,610,044	22,274,691
Foreign exchange difference	-	- 12,663,377	-	- 12,663,377
Currency translation adjustment (CTA)	-	-	- 7,476,724	- 7,476,724
Balance as of 30 June 2021	458,123,115	389,665,179	242,897,020	1,090,685,314

in US\$	Bonds issued	Notes payable	Bank and other loans	Total
Balance as of 1 January 2020	457,781,821	111,023,154	90,553,756	659,358,731
Cash flows, net	- 14,006,250	247,039,409	- 368,763	232,664,396
Non-cash movements:	-	-	-	-
Interest accruals	14,120,015	3,032,448	1,331,048	18,483,511
Foreign exchange difference	-	4,534,518	- 3,390,912	1,143,606
Currency translation adjustment (CTA)	-	-	3,579,042	3,579,042
Acquisition of subsidiaries	-	-	7,972,032	7,972,032
Balance as of 30 June 2020	457,895,586	365,629,529	99,676,203	923,201,318

(1) Interest accruals in the reporting period include US\$ 1.93 million that are capitalized as borrowing costs in the investment property value (refer to Note 6) (six months ended 30 June 2020: nil).

13. GROSS AND NET RENTAL INCOME

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

in US\$	Berlin House	Geneva House	Polar Lights	Hermitage Plaza	Magistral'naya	Arbat
Gross rental income	5,540,895	5,045,523	4,939,323	6,492,501	141,949	137,388
Service charge income	681,904	960,461	688,544	1,810,474	72,801	6,792
Property operating and maintenance expenses	-696,863	-851,060	-1,381,060	-1,624,967	-103,647	-33,052
Utilities	-191,914	-174,152	-395,392	-276,146	-29,799	-2,134
Property operating expenses	-126,834	-168,653	-405,741	-627,802	-31,758	-
Repair and maintenance costs	-42,754	-	-17,331	-31,136	-227	-4,275
Ground rents paid	-16,843	-20,744	-29,444	-58,632	-6,644	-
Non-income taxes	-318,518	-487,511	-533,152	-631,251	-35,219	-26,643
Net rental income	5,525,936	5,154,924	4,246,807	6,678,008	111,103	111,128

in US\$	Berlin House	Geneva House	Polar Lights	Hermitage Plaza	Magistral'naya	Arbat
Gross rental income	5,775,484	5,544,634	5,201,909	6,822,825	298,438	91,845
Service charge income	876,372	1,052,287	719,041	1,463,202	131,992	6,050
Property operating and maintenance expenses	-847,822	-929,659	-1,558,053	-1,751,826	-117,473	-36,000
Utilities	-192,800	-192,299	-363,907	-235,912	-29,135	-2,152
Property operating expenses	-172,660	-165,250	-400,445	-664,673	-40,883	-
Repair and maintenance costs	-44,090	-	-20,086	-44,114	-211	-4,541
Ground rents paid	-15,185	-37,957	-37,972	-103,352	-7,057	-
Non-income taxes	-423,087	-534,153	-735,643	-703,775	-40,187	-29,307
Net rental income	5,804,034	5,667,262	4,362,897	6,534,201	312,957	61,895

The top tenants in the Group in the reporting period and in 2020 year are presented below as share of their income in total gross rental and service charge income of the Group.

	for six months ended 30.06.2021	for the year ended 31.12.2020
VimpelCom	10%	11%
Richemont Group	9%	11%
BDO Austria	7%	7%
NHOW (% in 2020 is based on revenue for 9 months after acquisition)	6%	5%
Ingrad Nedvizhimost	6%	7%
S7 Airlines	4%	6%

							for six months ended 30.06.2021
City Gate	WLC	QBC 4	STRAL 3	SALZ 4	QBC 1,2,7	Total	
2,667,700	1,933,872	2,095,386	2,526,846	1,447,258	885,033	33,853,674	
591,272	392,687	755,969	–	36,075	1,538,521	7,535,500	
–917,768	–760,759	–770,266	–411,654	–133,171	–1,701,678	–9,385,945	
–180,200	–186,014	–251,625	–	–2,246	–685,281	–2,374,903	
–458,339	–348,498	–490,738	–67,110	–55,921	–795,079	–3,576,473	
–201,623	–184,794	–23,110	–296,878	–53,836	–215,424	–1,071,388	
–	–	–	–	–	–	–132,307	
–77,606	–41,453	–4,793	–47,666	–21,168	–5,894	–2,230,874	
2,341,204	1,565,800	2,081,089	2,115,192	1,350,162	721,876	32,003,229	

					for six months ended 30.06.2020
City Gate	WLC	QBC 4	STRAL 3		Total
2,360,890	1,857,432	1,953,355	1,160,154.00		31,066,966
460,661	324,281	585,603	–		5,619,489
–705,872	–1,019,915	–585,603	–88,595		–7,640,818
–353,755	–154,430	–216,260	–		–1,740,650
–213,462	–670,835	–351,200	–76,251.00		–2,755,659
–66,310	–175,613	–16,332	9,600.00		–361,697
–	–	–	–		–201,523
–72,345	–19,037	–1,811	–21,944.00		–2,581,289
2,115,679	1,161,798	1,953,355	1,071,559		29,045,637

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

in US\$	30.06.2021	31.12.2020
Less than 1 year	82,076,826	78,506,645
From 1 year to 5 years	267,431,789	257,749,082
More than 5 years*	225,615,285	244,769,799
Total	575,123,900	581,025,526

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

14. GAINS AND LOSSES ARISING FROM THE SALES OF PROPERTIES

in US\$	for six months ended	
	30.06.2021	30.06.2020
Sales of investment property	–	20,432,782
Cost of sales	–	–8,829,000
Gain on sale	–	11,603,782
Sales of residential property	12,450,400	7,481,118
Cost of sales	–10,651,781	–6,630,063
Gain on sale	1,798,619	851,055
Total gain on sale of properties	1,798,619	12,454,837

In the reporting period, the Group continued to sell apartments and parking lots in Arbat 24 and Arbat 39 properties. Gain on sale for the period amounted to US\$ 1.8 million (six months ended 30 June 2020: US\$ 0.9 million). During six months 2020, the Group recognized profit on sale of the investment property commercial area at Arbat 24 to a third party customer for the amount of US\$ 11.60 million.

15. ADMINISTRATIVE AND SELLING EXPENSES

in US\$	for six months ended	
	30.06.2021	30.06.2020
Professional and administration fees	1,647,469	1,701,549
Selling expenses	279,645	384,632
Salaries and social charges	278,944	235,585
Total	2,206,058	2,321,766

16. FINANCE COSTS

in US\$	for six months ended	
	30.06.2021	30.06.2020
Interests on bonds issued	14,120,015	14,120,015
Interest on notes payable (1)	3,615,073	2,326,752
Interest on loans payable	1,097,171	962,285
Interest on bank loans	1,512,873	368,763
Bank charges	339,134	434,725
Other finance cost	60,964	45,248
Total	20,745,230	18,257,788

(1) Total interest on notes payable in the reporting period amounted to US\$5.5 million (six months ended 30 June 2020: US\$2.3 million), including US\$ 3.6 million (six months ended 30 June 2020: US\$2.3 million) recognized in statement of profit and loss as interest expense and US\$ 1.9 million (six months ended 30 June 2020: nil) capitalized in the investment property LASS 1 (refer to Note 6).

17. OTHER INCOME

in US\$	for six months ended	
	30.06.2021	30.06.2020
Income on adjustment of purchase price of investment property WLC (1)	1,218,790	–
Termination and other penalties from tenants	454,892	126,812
Income from recalculation of property tax for prior periods for Russian properties agreed with tax authorities	141,197	–
Other miscellaneous income	637,250	244,611
Total	2,452,129	371,423

(1) In the reporting period, the Group agreed with the former owners of investment property WLC on adjustment of the final purchase price. The property was acquired in 2017 year in business combination. Upon receipt of cash, the Group recognized income on adjustment in the statement of profit and loss

18. OTHER EXPENSES

in US\$	for six months ended	
	30.06.2021	30.06.2020
General overheads at LASS 1 construction site	80,912	–
Utilities and maintenance of Arbat residential properties in stock	235,405	540,774
Other taxes and duties	349,240	355,519
Depreciation	5,743	7,636
Other miscellaneous expenses	166,651	719,723
Total	837,951	1,623,652

19. SHAREHOLDERS' EQUITY

Movement of the authorised and issued share capital and treasury shares in the reporting period and for the year ended 2020 is presented below:

	Number of ordinary shares		Number of series A preferred shares	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
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 (2020: without par value)	6,590,978	6,590,978	1,000,000	1,000,000
	Number of ordinary shares		Number of series A preferred shares	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Issued share capital with par value (2020: without par value)				
Opening balance	14,409,022	9,974,022	–	–
Capital increase	–	4,435,000	–	–
Closing balance	14,409,022	14,409,022	–	–
	Number of treasury shares			
	30.06.2021	31.12.2020		
Treasury shares				
Opening balance	83,022	69,063		
Purchase	1,780	13,959		
Sales	18	–		
Closing balance	84,784	83,022		

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 is 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 is reclassified to share premium.

SHARE ISSUE

On 22 December 2020, the Company successfully listed, traded and settled additional issue of 4,435,000 new ordinary shares without par value at subscription price US\$ 36.82. Proceeds from the issue amounted to US\$ 163,296,700. The proceeds are 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. As of 30 June 2021, issued share capital of the Company consists of 14,409,022 ordinary shares with par value, totalling US\$14.41 million (31 December 2020 without par value: 14,409,022 ordinary shares, totalling to US\$ 753.53 million).

DIVIDENDS

No dividend was paid during reporting period (2020: nil).

20. CONTINGENCIES

Pledges

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

- Shares in subsidiaries Ferran Limited, QBC Immobilien GmbH&Co Delta KG, QBC Omega SP Immomanagement GmbH, QBC Alpha SP Immomanagement GmbH, QBC Immobilien GmbH;
- Investment property for the total amount of US\$ 356 million;
- Current rental receivables for the amount of US\$ 1.5 million and future rental receivables of investment properties SALZ 4 and QBC 1, 2 & 7.

Capital commitments

In June 2020, the Group signed a general construction agreement for the amount of EUR 50 million for construction and refurbishment works at newly acquired property LASS 1 in Vienna, out of which EUR 11.5 million are executed as of 30 June 2021. The works are to be completed by June 2022.

Covid-19

Management has been closely monitoring COVID-19 consequences for the Group. Based on the latest available information, management does not expect significant impact of the pandemic on the Group's performance and financial position in the foreseeable future. Management estimate of the potential effects of COVID-19 on the Group in the long-run is incorporated into determination of fair values of the Group's investment properties and NRV of inventory as of 30 June 2021 and 31 December 2020. It is impossible to derive the effect of the pandemic from other factors, but, generally, conservatism in assumptions, especially for hotel holding properties, can be attributed to COVID-19 consequences in a substantial way. Though all current forecasts can be made only with a considerably higher degree of uncertainty, management presumption in development of the estimates that negative impact of COVID-19 remains temporary. Refer to Note 8.

21. RELATED PARTY TRANSACTIONS

The Interim Condensed Consolidated Financial Statements include the financial statements of the Company and the subsidiaries. In the reporting period, there were no changes in the Company's ownership in the subsidiaries in comparison to 31 December 2020.

Related parties include shareholders, associates, entities under joint control, key management personnel and other related parties having significant influence on the Group. The Company and its subsidiaries, in the ordinary course of their business, enter into various sale, purchase and service transactions with related parties. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this Note. Refer to the Group's latest published annual financial statements for description of the relationships with the related parties, which remained basically the same in the reporting period. The Group's related party balances as of 30 June 2021 and 31 December 2020 consisted of the following:

in US\$	30.06.2021	31.12.2020
Other related parties		
Accounts payable and accrued expenses	-380,636	-1,028,315
Accounts receivable	251	283
Advances paid	106,741	-
Advances received	-7,386	-9,953
Shareholders		
Borrowings (Note 12)	-389,665,179	-111,023,154

The Group's transactions with related parties for the periods ended of 30 June 2021 and 30 June 2020 consisted of the following:

in US\$	for six months ended	
	30.06.2021	30.06.2020
Other related parties		
Gross rental income	184,471	199,268
Management fees	-2,028,251	-1,580,828
Other expenses	-	-5,812
Professional and administration fees	-17,620	-51,521
Shareholders		
Finance costs	-3,615,073	-2,326,752

OTHER TRANSACTIONS

In the reporting period, Valartis Group delivered financial services related to the refinancing of the loans for the amount US\$ 0.25 million (EUR 0.21 million). These expenses are amortised over the loans term under effective interest rate (EIR) method. Refer to Note 12. During six months ended 30 June 2020, Valartis Group delivered financial services related to the acquisitions of investment property by the Group in the amount of US\$ 0.58 million (EUR 0.52 million). It was capitalized in the cost of the respective investment properties.

Several managers of Valartis Group work as managers at several Russian subsidiaries of the Group. Salary for the reporting period amounted to US\$ 0.14 million (half year 2020: US\$ 0.11 million).

Transactions and balances with key management personnel

Compensation to the board of directors amounted to US\$ 124 thousand in the reporting period (half year 2020: US\$ 124 thousand). It is presented in line Professional and administration fees in the Profit and loss statement.

Compensation prepaid as at 30 June 2021 amounts to US\$ 148 thousand (31 December 2020: US\$ 84 thousand). It is presented in line Prepayments in the Statement of financial position.

22. SUBSEQUENT EVENTS

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

SUPPLEMENTAL RECONCILIATIONS AND DEFINITIONS

The KPI table above includes management performance measures which are, or may be, considered non-IFRS financial measures as defined in the rules of SIX. While EPH's management believes that the non-IFRS financial measures herein are useful in evaluating Group's operating results, this information should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with IFRS. Therefore these measures should not be viewed in isolation but considered together with the interim condensed consolidated financial statements (unaudited) prepared in accordance with IFRS as of and for the six months ended 30 June 2021 (referred to as "financial statements" herein).

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

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

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

"Earnings from operational activity" measures regular performance of the Group excluding current income tax and finance costs and is determined as "Operating income", as described above, less "Current income tax" and less "Finance cost". Sum of current income tax and deferred tax, 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 HY 2021, extraordinary items consist of income on final adjustment of purchase price of investment property WLC acquired in business combination in 2017. In HY 2020, extraordinary items consist of gain on sale of investment properties (refer to Notes 14 and 17 of the financial statements). In HY 2019 there were no extra-ordinary transactions.

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

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

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

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



GENERAL
INFORMATION

BOARD OF DIRECTORS

Olga Melnikova
Gustav Stenbolt
Michael Cuthbert
Tomasz Dukala
Hans Messmer
Annamaria Vassiliades

DOMICILE

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(since June 2018)

SECURITY NUMBER

1673866

ISIN NUMBER

VGG290991014

REAL ESTATE MANAGER

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British Virgin Islands (since January 2010)

TICKER SYMBOL

EPH

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