ANNUAL REPORT

2023

EPH EUROPEAN PROPERTY HOLDINGS

CONTENT

DEAR SHAREHOLDERS

2023 was another challenging year for the entire real estate industry, with rising interest rates, few transactions and declining property market values. In such times, the importance of fundamental factors for long-term capital preservation and portfolio stability cannot be overstated: a strategic, long-term approach to property investments, quality of the buildings, tenants and locations, high sustainability standards and a professional asset management. These aspects, together with a focus on asset classes with strong occupier demand, make the difference in remaining resilient in difficult market phases.

We achieved further operational progress in 2023. All our buildings are almost fully let. Our properties in Vienna, QBC 1, 2 and 7, started to generate full income following the expiration of rent-free periods. We also completed the refurbishment of LASS 1 in Vienna, which also started to generate income. Rent indexation adjustments were implemented across all properties in Vienna and Germany. Overall, we were able to increase the net rental income of our European portfolio by 26% to EUR 32.6 million in 2023. And not only the net rental income but also the earnings from operational activity not including one-time effects, foreign exchange differences or discontinued business was increased from EUR 6.2 million to EUR 12.5 million.

Despite the positive operating performance, economic developments in Europe led to a downward adjustment of the fair values of our properties, resulting in a net loss from continuing operations. In total, our income statement for 2023 reflected a net loss of EUR 162.30 million. The main factors contributing to this loss are related to the mentioned decrease in fair values and to discontinued operations. As outlined in our Semi-Annual Report 2023, we had to reclassify the negative balance of the currency translation adjustment ("CTA") reserve accumulated from equity to the income statement resulting in a total loss of discontinued operations of approx. EUR 103 million. It is important to note, however, that this reclassification did not impact our equity position. Nevertheless, focusing on our high-quality property portfolio in Western Europe was the right step to strengthen and stabilise our business and portfolio for the long term.

While we will continue to focus on modern office properties in prime locations in major European cities, we also see attractive potential in the hotel sector, as the tourism industry has gained considerable momentum throughout Europe. Our interest extends beyond Germany, where we currently own hotels in Dresden and Berlin, to countries such as Switzerland, which also present attractive opportunities. Switzerland boasts a thriving tourism sector, supported by its political and economic stability. In order to capitalise on this great potential, we acquired a 5-star hotel in Vevey in the beginning of 2024, situated on the picturesque shores of Lake Geneva. This historic hotel, originally constructed in 1842 on the site of a medieval castle, offers 16,000 square metres of space, 71 luxurious rooms, two restaurants, and a spa facility. Our vision for this property involves redeveloping the historic hotel over the next few years. By strategically adding this value-add asset to our portfolio and acquiring the hotel operations with approximately 70 full-time employees, we are demonstrating our confidence in the potential of the Swiss Riviera hotel market and our commitment to unlocking the property's full potential.

Another important step in ensuring the stability of our business was the successful restructuring of our debt in September. Firstly, we secured an agreement with bondholders holding approximately EUR 250 million of the company's debt to extend the maturity by a further 5 years to September 2028 at an interest rate of 4.5% p.a. Secondly, we repaid bank financing of approximately EUR 150 million at our subsidiaries in Austria, while also realising positive swap values of approximately EUR 18.2 million.

As we look towards the future development of property markets, it is evident that there will be several challenges to overcome in the remainder of 2024. Factors such as high interest rates, a challenging financing environment, and uncertain price trends are expected to impact the market. However, we are confident that the market will regain much of its momentum latest by 2025. Demand remains strong, particularly for sustainable, high-quality office space and hotels in central locations in Europe's major cities. ESG aspects in particular are becoming increasingly important, and not only because of the EU's climate targets and stricter legal requirements. In the prime office segment, tenants are increasingly looking for high-quality properties that offer sustainable spaces in prime locations.

EPH is therefore well positioned with a long-term strategic vision and a portfolio of premium assets that offer high sustainability standards. Seven out of eight office and hotel buildings in our portfolio have already achieved DGNB Platinum, DGNB Gold, or LEED Gold certification. We use green energy for the general power supply in all buildings. However, there are still areas we work on to increase energy efficiency and reduce our carbon footprint, for example by implementing centralised data monitoring. For a more comprehensive overview of our ESG strategy, and ongoing efforts, please refer to our Sustainability Report, which forms a part of this Annual Report.

We would like to thank all of our shareholders for their continued trust in our company, and our business partners for their exceptional collaboration.

Sincerely,
The Board of Directors
April 2024

MANAGEMENT REPORT

OPERATING & FINANCIAL REVIEW

KEY PERFORMANCE INDICATORS

The following is a discussion of the key factors influencing our 2023 results and our financial condition at the end of the year.

KEY PERFORMANCE INDICATORS

in EUR	31.12.2023	31.12.2022	31.12.2021
Continuing operations			
Net rental income	32,596,511	25,933,809	19,354,371
Management fees	– 1,671,074	– 1,579,975	– 1,439,103
Administrative expenses	– 3,283,324	– 2,703,935	– 2,007,072
Net other operating income/(expense)	1,484,104	993,308	– 352,701
Operating Income	**29,126,217**	**22,643,207**	**15,555,495**
Finance costs	– 15,277,751	– 16,341,003	– 20,815,374
Current tax expense	– 1,349,406	– 139,459	– 48,997
Earnings from operational activity	**12,499,060**	**6,162,745**	**– 5,308,876**
Earnings from operational activity per share	**0.87**	**0.43**	**– 0.37**
Revaluation of investment properties	– 115,726,518	29,679,933	34,634,925
Deferred tax benefit/(expense)	14,689,967	– 3,458,071	– 7,301,608
Other extraordinary items	19,859,988	43,382	2,151,094
Total before foreign exchange movements	**– 68,677,503**	**32,427,989**	**24,175,535**
Net foreign exchange loss	– 1,742,696	– 5,833,013	– 22,283,910
Net (loss)/profit for the period before result of discontinued operations and (losses)/gains related to measurement of receivables and loans from them	**– 70,420,199**	**26,594,976**	**1,891,625**
Discontinued operations			
Net (loss)/gain from discontinued operations (attributable to equity holders of the Company)	– 103,266,531	3,129,044	7,584,622
Release/ (increase) of impairment allowance for loans and receivables related to the assets sold	10,622,645	– 22,603,519	–
Amortization of interest on zero-interest receivable	765,038	–	–
Result of discontinued operations and (losses)/gains related to measurement of receivables and loans from them	**– 91,878,848**	**– 19,474,475**	**7,584,622**
Total net (loss)/profit for the period	**– 162,299,047**	**7,120,501**	**9,476,247**

		as of	
	31.12.2023	31.12.2022	31.12.2021
Number of investment properties in Europe	9	9	9
Fair value of investment properties in Europe	783,672,437	895,119,207	843,108,577
Total Assets (31.12.2022: excluding assets held for sale)	973,222,257	1,159,759,414	1,566,462,809
Borrowings	439,693,361	592,885,395	933,758,626
Loan-to-value	**45%**	**51%**	**60%**

*For a reconciliation of non-IFRS measures see "Supplemental Reconciliations and Definitions" in Note 25

OVERVIEW

EPH European Property Holdings Plc ("EPH", "EPH PLC", the "Company") is a real estate investment and development company with focus on high-quality real estate assets in prime European locations with first-class tenants and long-term leases. This predominantly includes existing properties or development projects in Europe that provide capital appreciation and dividend income to its shareholders. For details of the Company's current portfolio please refer to Property Review section.

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

As of 31 December 2023, EPH had total assets of EUR 973.22 million (2022: EUR 1,706.31 million, including the assets held for sale of EUR 546.55 million) and net assets (calculated as total equity) of EUR 500.94 million (2022: EUR 526.56 million).

In the twelve months ended on 31 December 2023 the Company is reporting a loss of EUR 162.30 million, compared to a profit of EUR 7.12 million for the year ended on 31 December 2022.

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

Upon the sale of disposal group in 2022-2023 the Company's net earnings become less volatile as a result of exchange rate fluctuations, although revaluation of investment properties held at fair value will continue affecting the Company's financial results. Thus, the Company recognized loss on revaluation of investment properties in 2023, mainly due to the adverse macroeconomic development in Europe.

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

Upon disposal of the Russian segment in the first half of 2023, the Company reclassified the negative balance of the currency translation adjustment reserve („CTA") accumulated on the Group`s operations in Russia to profit or loss statement. This reclassification resulted in a corresponding positive change in CTA reserve balance, thus, having zero effect on the equity of the Group.

RESULTS OF OPERATIONS

CONTINUING OPERATIONS

Earnings from Operational Activity

In 2023 the result from the Company's operational activity in Europe prominently improved: the Company's operating income before finance costs and taxation is EUR 29.13 million in 2023 as compared to EUR 22.64 million in 2022 (increase by 29%) – mainly due to the fact that the properties QBC 1, 2 and 7 have started to generate full income after the expiry of the rent-free periods and first income has been received by newly refurbished LASS1 property.

Net rental income

The Company's net rental income from European properties increased from EUR 25.93 million in 2022 to EUR 32.60 million in 2023 (see note 12). This includes increase of income from QBC 1, 2 and 4 properties by EUR 2.88 million and income from LASS 1 of EUR 4.90 million (2022: EUR 0.35 million). Temporary shortfall in revenue of WLC is related to the remaining unlet areas after termination of some leases at the end of 2022.

Management fees

Management fees related to European properties and corporate management increased slightly from EUR 1.58 million in 2022 to EUR 1.67 million in 2023.

Administrative expenses

Professional and administration fees, which include legal advice, audit, appraisals and costs for other services for the Company and its subsidiaries as well as remuneration of Board of Directors increased from EUR 2.70 million in 2022 to EUR 3.28 million in 2023. Expenses incurred in 2023 include additional fee of Valartis for advice on sustainability matters and success fee for the sale of the Russian portfolio.

Finance costs

Our finance costs decreased from EUR 16.34 million in 2022 to EUR 15.28 million in 2023. On the one hand, bond interest decreased due to reduction of interest rates on the bonds from 1 April 2022 from 5.5-7.25% down to 2-2.25% - despite the subsequent increase of the rates to 4.5% for the bonds which maturity was extended in 2023. On the other hand, the Group paid additional EUR 0.79 million of bank fee for early repayment of loans to UniCredit bank by QBC4 and QBC 1&2 entities.

Current income tax expense

Current income tax expense in 2022 was insignificant (EUR 0.14 million) represented mainly by the current income tax payable by subholding companies in Cyprus, as German and Austrian entities use tax losses carried forward from the previous periods. Increase in current income tax expense in 2023 to EUR 1.35 million is mainly caused by income tax accrued by QBC 1,2 and 4 with respect to additional finance income received due to SWAP termination (see Other extraordinary items below)

NON-CASH GENERATING INCOME/(EXPENSES)

Valuation movements

The loss from fair value adjustment recognized in 2023 in the amount of EUR 115.73 million is caused by changes in the valuation assumptions used by independent valuers being a result of adverse changes in the macroeconomic environment in Europe (see Notes 4 and 5.2 for details).

Deferred tax expense

In 2023 the Company recognized deferred tax benefit of EUR 14.69 million resulting from the negative property revaluation adjustment, as the taxable difference between the fair values and the tax values of the properties also decreased. In 2022 the Company recognized deferred tax expenses of EUR 3.46 million.

Other extraordinary items

In 2023 extraordinary items include:

– additional finance income of EUR 18.21 million received by QBC 1, 2 and 4 entities for the termination of the interest SWAP in connection with the repayment of the respective bank financing;
– gain of EUR 2.17 million on adjustment of purchase price of LASS1 investment property;
– loss of EUR 0.87 million on adjustment of purchase price of SALZ4 investment property;
– expense on impairment of goodwill related to investment property QBC4 of EUR 0.44 million.

In 2022 other extraordinary items were immaterial.

Net foreign exchange gain/loss

In 2023, the Group exposure to foreign currency risk significantly decreased, as majority of the financial instruments in foreign currency were concentrated in discontinued operations. Foreign exchange loss of EUR 1.74 million incurred in 2023 relates primarily to the US$-denominated receivable from the former Russian segment.

DISCONTINUED OPERATIONS

In 2023 net loss from discontinued operations of EUR 103.27 million represents gain on disposal of the net liabilities of the disposal group overlapped by the negative translation difference reclassified from CTA.

Upon completion of sale of the disposal group (partially in 2022 and the remaining part in 2023), loans given and receivables from discontinued operations were recognized in the consolidated statement of financial position at fair value. The Company recognized loss on fair value adjustment on the interest-free receivable for the amount EUR 6.27 million representing primarily effect of the discounting of the nominal amount of the receivable at market interest rate. Subsequently, the Group accounts for these assets at amortized cost using effective interest method less impairment allowance in the amount of expected credit loss at each reporting date. As a result, the impairment loss of EUR 22.60 million was recognized in 2022. In 2023, a part of this allowance was released resulting to the recognition of the respective gain in the amount of EUR 10.62 million.

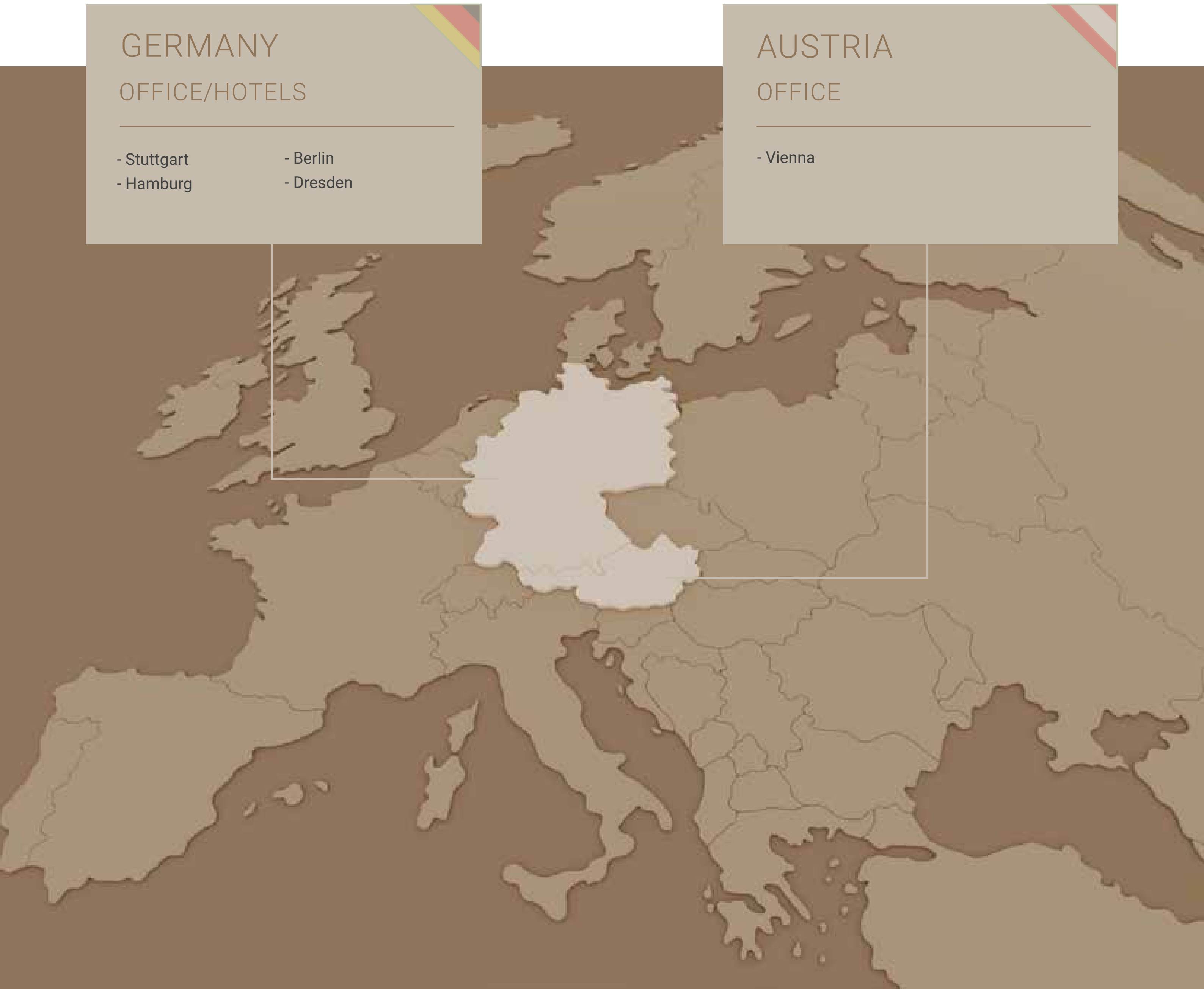
Gains and losses in relation to the impairment of receivables from discontinued operations and effect of amortization of the interest-free receivable are recognized as a part of continued operations in the statement of profit or loss (as the respective receivables remain in the balance sheet of the Group) but in fact are originated from the discontinued operations. Therefore, for the KPI analysis these gains or losses are attributable to the discontinued operations.


CAFÉ RESTAURANT

EPH EUROPEAN PROPERTY HOLDINGS

CORE AND CORE PLUS COMMERCIAL REAL ESTATE PORTFOLIO

EPH holds a core/ core plus commercial real estate portfolio in excellent locations across Europe. The high quality of the properties, together with the professional asset management, form the base for stable values and income. The majority of our portfolio consists of prestigious office properties. In this way, we take advantage of the strong demand for modern spaces in premium locations. Over the past few years, we have greatly expanded our portfolio in Europe. It currently consists of nine core assets in outstanding locations in Germany's Top Cities and Vienna with high sustainability standards. Seven out of eight office and hotel buildings already have certificates in DGNB Platinum, DGNB Gold or LEED Gold.



20

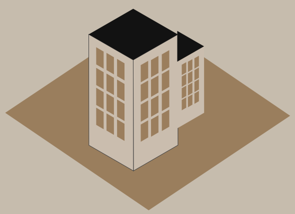
YEARS
investing in real estate

CORE ASSETS
in prime European markets

OFFICE & HOTEL
properties in investment focus

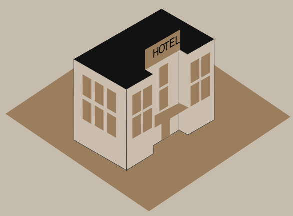
Our key portfolio growth milestones in prime European locations

01 2014



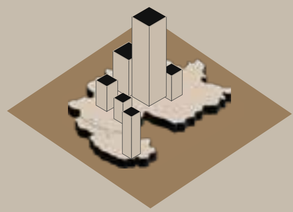
EPH focuses on investing in high-quality, income-producing office properties in Western Europe

02 2020



EPH acquires its first hotel property

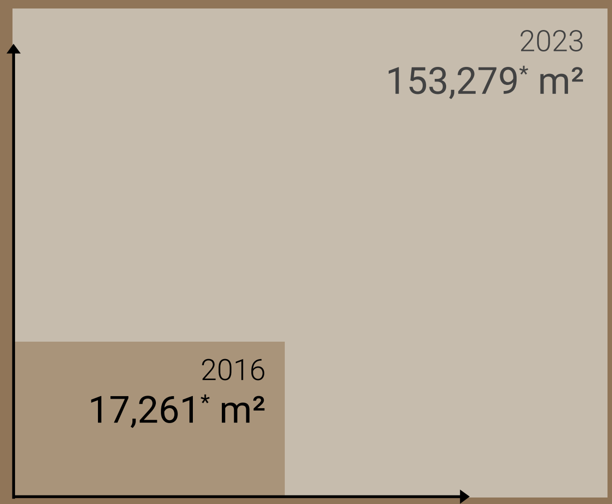
03 2023



EPH has grown significantly in Europe since 2016, expanding its portfolio to 9 properties in Austria and Germany with a gross floor area of more than 200,000 square metres.

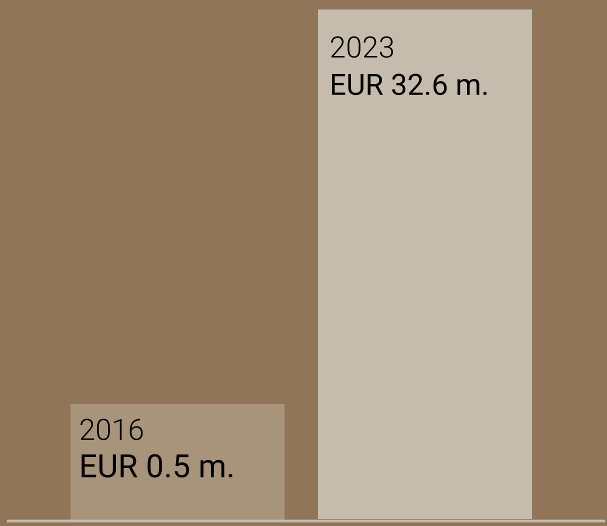
Since 2016, the European portfolio has grown significantly.

Net leasable Area



*The parking garage QBC 7 is not included.

Net rental income reflects growing portfolio and successful asset management



LASS 1

COUNTRY / CITY	ASSET CLASS
AUSTRIA / VIENNA	OFFICE
BUILDING AREA	VACANCY RATE
44,800	0.0%
RENTABLE AREA	YEAR OF CONSTRUCTION / REFURBISHMENT
29,100	1993 / 2023
OWNERSHIP	APPRAISED VALUE
100%	EUR 129,660,000

VIENNA | REFURBISHED OFFICE PROPERTY IN 2ND DISTRICT

- DGNB Gold certificate
- Main tenants are the Wiener Gesundheits-verbund and Wiener ArbeitnehmerInnen Förderungsfonds.

QBC 1

COUNTRY / CITY	ASSET CLASS
AUSTRIA / VIENNA	OFFICE
BUILDING AREA	VACANCY RATE
10,300	0.0%
RENTABLE AREA	YEAR OF CONSTRUCTION
9,300	2020
OWNERSHIP	APPRAISED VALUE
100%	EUR 47,920,000

VIENNA | OFFICE BUILDING IN QUARTIER BELVEDERE

- DGNB Platinum certificate
- Main tenants are Grant Thornton IBD Austria GmbH & Co KG, Steuerberatungsgesellschaft and Dedalus HealthCare GmbH

QBC 2

COUNTRY / CITY	ASSET CLASS
AUSTRIA / VIENNA	OFFICE
BUILDING AREA	VACANCY RATE
30,600	0.0%
RENTABLE AREA	YEAR OF CONSTRUCTION
30,000	2020
OWNERSHIP	APPRAISED VALUE
100%	EUR 159,960,000

VIENNA | OFFICE BUILDING IN QUARTIER BELVEDERE

- DGNB Platinum certificate
- Main tenants are PAYONE GmbH and Regionalmedien Austria AG

QBC 4

COUNTRY / CITY
AUSTRIA / VIENNA

ASSET CLASS
OFFICE

BUILDING AREA
20,000

VACANCY RATE
0.0%

RENTABLE AREA
17,400

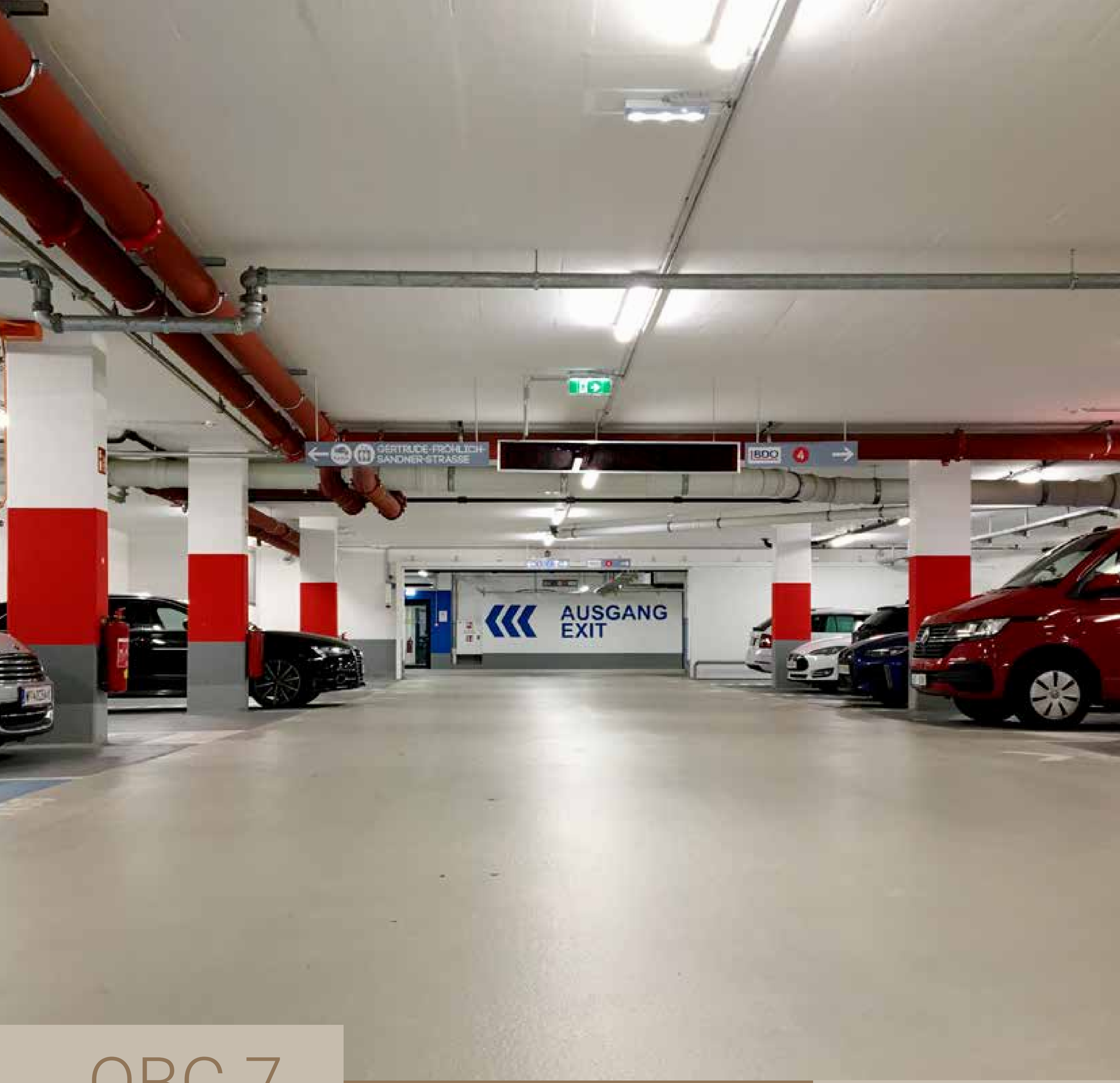
YEAR OF CONSTRUCTION
2019

OWNERSHIP
100%

APPRAISED VALUE
EUR 98,000,000

VIENNA | OFFICE BUILDING IN QUARTIER BELVEDERE

- DGNB Platinum certificate
- Anchor tenants are BDO Austria and WKO – Wirtschaftskammer Österreich.



QBC 7

COUNTRY / CITY

AUSTRIA / VIENNA

ASSET CLASS

PARKING

PARKING LOTS

680

YEAR OF CONSTRUCTION

2020

OWNERSHIP

100%

APPRAISED VALUE

EUR 18,600,000

VIENNA | GARAGE IN QUARTIER BELVEDERE

- Location close to the city centre
- Service for electric or hybrid vehicles: Wallboxes available for charging

SALZ 4

COUNTRY / CITY	ASSET CLASS
GERMANY / DRESDEN	HOTEL
BUILDING AREA	VACANCY RATE
15,600	0.0%
ROOMS	YEAR OF CONSTRUCTION
180	2010
OWNERSHIP	APPRAISED VALUE
100%	EUR 44,300,000

DRESDEN | HOTEL IN HISTORIC DISTRICT

— LEED Gold certificate

— The hotel is leased to Meliá Hotels International.

STRAL 3

COUNTRY / CITY	ASSET CLASS
GERMANY / BERLIN	HOTEL
BUILDING AREA	VACANCY RATE
28,000	0.0%
ROOMS	YEAR OF CONSTRUCTION
304	2010
OWNERSHIP	APPRAISED VALUE
89.9%	EUR 84,900,000

BERLIN | HOTEL ON THE RIVER SPREE

— The hotel is leased to NH Hotel Group.

WORK LIFE CENTER

COUNTRY / CITY	ASSET CLASS
GERMANY / HAMBURG	OFFICE & RETAIL
BUILDING AREA	VACANCY RATE
14,000	14.3%
RENTABLE AREA	YEAR OF CONSTRUCTION
12,700	2017
OWNERSHIP	APPRAISED VALUE
94%	EUR 81,500,000

HAMBURG | HISTORIC BUILDING WITH MODERN OFFICES

- LEED Gold certificate
- Major tenants are Performance Media Deutschland, Fitness First Germany and specialist recruitment firm Robert Walters.

CITY GATE

COUNTRY / CITY	ASSET CLASS
GERMANY / STUTTGART	OFFICE & RETAIL
BUILDING AREA	VACANCY RATE
26,500	1.9%
RENTABLE AREA	YEAR OF CONSTRUCTION
17,200	2016
OWNERSHIP	APPRAISED VALUE
94%	EUR 119,700,000

STUTTGART | OFFICE & RETAIL BUILDING IN THE CITY CENTRE

- CityGate has a DGNB Platinum certificate.
- Major tenants are Rödl und Partner GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft and Dreiss Patentanwälte PartG mbH as well as the state of Baden-Württemberg

Interview with

TOMASZ DUKALA

on the investment market and the importance of ESG

„Modern office properties in very good locations are definitely worthwhile for investors and remain our investment focus."

„The hotel segment also offers attractive investment opportunities, as tourism activities have gained significant momentum throughout Europe."

„There are clear signs of a trend reversal on the market."

1. When do you expect the general trend on the property market to reverse?

Tomasz Dukala: The property markets will face a number of hurdles for the rest of the year due to high interest rates, a difficult financing environment, and the uncertain price trend. However, I am confident that the market will soon regain much of its momentum. There are clear signs of a trend reversal on the market. For example, the fact that the European Central Bank is not planning any further interest rate hikes for the time being due to falling inflation rates and expectations. Although prices could continue to fall in 2024, they will certainly pick up again. This could be the case within the next 12 months if interest rates stabilise and there is a degree of planning certainty on the market.

2. Which asset class offers the most potential?

Tomasz Dukala: Modern office properties in very good locations are definitely worthwhile for investors and remain our investment focus. Although the rental behaviour of many companies has changed as a result of the coronavirus pandemic and economic uncertainties, demand remains strong, particularly for sustainable, high-quality office space in central locations in Europe's major cities. In addition, rising construction and financing costs are leading to an undersupply of new, modern office space in prime locations. This shortage of supply and the focus on quality are also reflected in the willingness to pay rents and the continuing upward trend in prime rents. JLL recorded a new peak in the prime rent index of 275 points at the end of 2023 in Germany and expects the trend in prime rents in the best locations to continue in 2024. Not to be neglected by investors either: Index-linked leases, as is common in the commercial property sector, create the potential for rental growth.

3. And how do you see the hotel segment developing?

Tomasz Dukala: The hotel segment also offers attractive investment opportunities, as tourism activities have gained significant momentum throughout Europe. High energy and food prices, as well as a lack of qualified staff at reasonable wages, continue to cause problems for the industry. However, developments over recent months and the steady increase in overnight stays are cause for optimism. In 2023, the estimated number of nights spent at tourist accommodation establishments reached 2.92 billion, exceeding the pre-pandemic level for 2019 (2.87 billion) by 1.6% and setting a record year for the EU accommodation sector. In terms of space utilisation and the long-term performance of the portfolio, high-quality properties in attractive locations in metropolitan areas generally have advantages. Leasing to experienced operators with strong credit ratings also substantially reduces risk. We have also taken this into account for our hotels in Berlin and Dresden. But we don’t just see opportunities in this area in Germany. We recently bought a hotel in Switzerland in order to take advantage of the great potential there too.

4. What role do ESG criteria play? Do ESG investments pay off?

Tomasz Dukala: Taking ESG factors into account in the property portfolio is not only a contribution to environmental protection, but also offers investors real potential for returns. For example, a European analysis by CBRE in 2022 shows that certified office properties generate a six to eight per cent higher rent compared to conventional properties and are valued 14 to 16 per cent higher. As part of the CBRE study “The Value of Sustainable Building Features”, 7,500 rental agreements in office buildings with sustainability certification and 37,000 rental agreements in non-certified properties in Europe were analysed.

TOMASZ DUKALA

BOARD MEMBER, EPH EUROPEAN PROPERTY HOLDINGS

Mr. Tomasz Dukala is an entrepreneur and board member in several commercial organisations. He is part of EPH's transaction team and supports acquisitions and funding strategies. From 2007 to 2011 he worked at Morgan Stanley, Real Estate Investment Banking Division as a Senior Coverage Officer responsible for Russia / CIS and CEE markets, where he was based in London and Moscow. Before that Mr. Dukala served as a National Director at Jones Lang LaSalle Capital Markets Department. He started his carrer at PricewaterhouseCoopers Corporate Finance Department. Mr. Dukala is a CFA charter holder.

DIRECTORS AND MANAGEMENT

BOARD OF DIRECTORS

VERA CHRISTODOULOU

born 1967, Cypriot

Executive Member
(since July 2023)

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

Vera Christodoulou has been appointed as a Board Member on 26th July 2023.

MICHAEL CUTHBERT

born 1956, English

Non-Executive Member
(since April 2013)

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

TOMASZ DUKALA

born 1974, Polish

Executive Member
(since April 2013)

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

OLGA MELNIKOVA

born 1968, Russian

Executive Member
(since April 2013)

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

HANS MESSMER

born 1955, German

Non-Executive Member
(April 2013 - April 2023)

Mr. Hans Messmer is an independent director with expertise in international banking and financing. Until June 2019 he was CIO of CAIAC Fund Management AG in Liechtenstein. Before joining CAIAC, he held management functions in various asset management companies and acted as head of business development at Baader Bank (Munich) for exchange traded products. He holds a MBA of Johann Wolfgang Goethe University Frankfurt specialised in Banking and Insurance.

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

GUSTAV STENBOLT

born 1957, Norwegian

Executive Member
(since March 2003)

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

GERRIT STRAUB

born 1966, Swiss

Non-Executive Member
(since July 2023)

Mr. Straub is an experienced and reputable Swiss lawyer working with Klein Rechtsanwälte since 1999 focusing on Real Estate and Swiss Tax Law. He holds a degree from the University of Bern, Switzerland.

Gerrit Straub has been appointed as a Board Member on 26th July 2023.

ANNAMARIA VASSILIADES

born 1987, Cypriot

Executive Member
(June 2020 - April 2023)

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

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

MANAGEMENT COMMITEE

ANNA BERNHART

born 1982, Austrian

Management Committee Member
(since October 2023)

Mrs. Anna Bernhart is supporting EPH in several functions since more than 10 years. She is specialized in corporate finance, M&A, investor relations and operational management. She is working for EPH's advisor Valartis Group since more than 15 years after starting her career with PricewaterhouseCoopers' Advisory Service business. Mrs. Bernhart graduated from Vienna University of Economics and Business in 2005 with a masters degree.

VERA CHRISTODOULOU

born 1967, Cypriot

Management Committee Member
(since April 2015)

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

MICHALIS CONSTANTINIDES

born 1979, Cypriot

Management Committee Member
(since October 2023)

Mr. Michael Constantinides holds a Masters degree of Laws in International Commercial Law. He is a qualified Barrister and also a Fellow Chartered Accountant. He has more than 20 years of hands-on experience in senior and leadership roles in a Big Four accounting firm and top tier multinational law and corporate firms in Cyprus and the UK. He has also taught Corporate and Business Law at a local University.

MARIOS PHEDONOS

born 1982, Cypriot

Management Committee Member
(since February 2022)

Mr. Marios Phedonos is the Managing Director of Axion Audit, Tax & Assurance Limited. He has an extensive knowledge of the IFRS and ISAs specialised on financial audits of international clients, business consulting services and strategic planning. He holds a degree in Accounting from the European University Cyprus and the Certification from the Cyprus Securities and Exchange Commission (CySec). Marios Phedonos is a fellow Member of the Association of Chartered Certified Accountants (ACCA) and a member of the Institute of Certified Public Accountants of Cyprus (ICPAC).

OLGA MELNIKOVA

born 1967, Russian

Management Committee Member
(since September 2013)

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

CHRISTINA SPYROU-KATRAS

born 1972, Cypriot

Management Committee Member
(since February 2022)

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

ANNAMARIA VASSILIADES

born 1987, Cypriot

Management Committee Member
(June 2020 - April 2023)

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

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

SUSTAINABILITY REPORT

EPH European Property Holdings PLC (EPH) specialises in premium quality real estate. As a property company, we recognise our responsibilities to our employees, the environment, and society as a whole. At EPH, our primary objective is to preserve the long-term value of our property portfolio while embracing our duty to protect the environment and enhance people's general well-being. While sustainability criteria have long been a factor in assessing the quality of EPH's property portfolio, EPH strengthened its commitment to sustainability by conducting an evaluation of sustainability practices across the entire Group, with a particular focus on our property portfolio. As a result, EPH has developed its sustainability strategy to internalise values and integrate sustainability into the Company's business practices, particularly within its core business of acquiring and owning high quality real estate. EPH's sustainability strategy is built around the three key pillars: Environment, Social, and Governance (ESG). For each pillar, we have defined long-term objectives and goals to measure our progress and enhance transparency.

MISSION AND PRINCIPLES

EPH's main objective is to invest in high-profile commercial real estate, with a focus on long-term growth and stable revenues. Our investment portfolio primarily consists of existing properties and development projects throughout Europe that provide capital appreciation and dividend income. These high-quality properties satisfy real estate sustainability criteria, as evidenced by their Green Building Certifications.

Implementing sustainable practices in a real estate company involves integrating principles that address environmental, social, and economic concerns. Our business activities are guided by the following seven key principles:

7
principles for sustainable action

1. We integrate economic, environmental, and social considerations to ensure the sustainable management of our properties.
2. We are committed to implementing a comprehensive strategy to safeguard the environment, enhance energy efficiency, and minimise our carbon footprint.
3. We pursue certifications such as DGNB, LEED or BREEAM to ensure buildings meet rigorous sustainability standards and promote marketability.
4. We focus on long-term value growth, capital preservation, and stable returns, all while carefully considering the impact of our business activities on people and the environment.
5. We conduct regular assessments of our properties to evaluate our sustainability performance.
6. We adhere to the principles of value-driven, sustainable corporate management supported by a corporate governance culture.
7. Transparent and responsible corporate governance is paramount in strengthening the trust of our tenants, investors, and stakeholders and creating long-term value.

MATERIAL TOPICS

In 2022, we conducted an initial materiality assessment and regularly reviews which topics are essential for the company's long-term, sustainable development.

As a starting point, we have analysed the 17 sustainable development goals (SDGs) set by the United Nations (UN). We have familiarised ourselves with the 17 SDGs and their associated targets to understand the overarching themes and objectives of each goal, as well as how they interconnect with one another.

Source: https://www.un.org/sustainabledevelopment
(The graphic and icons are used for information purposes only. The content of this publication has not been approved by the United Nations and does not reflect the views of the United Nations or its officials or Member States.)

We determined which SDGs, based on their thematic focus and objectives, are most relevant to us and where we can have an impact as a real estate company.

As a result, we have selected four specific SDGs where we know we can make the most substantial impact, above all SDG 13.

We support the well-being of our employees and our tenants. Our modern properties fulfil the highest quality standards and offer a pleasant working environment.

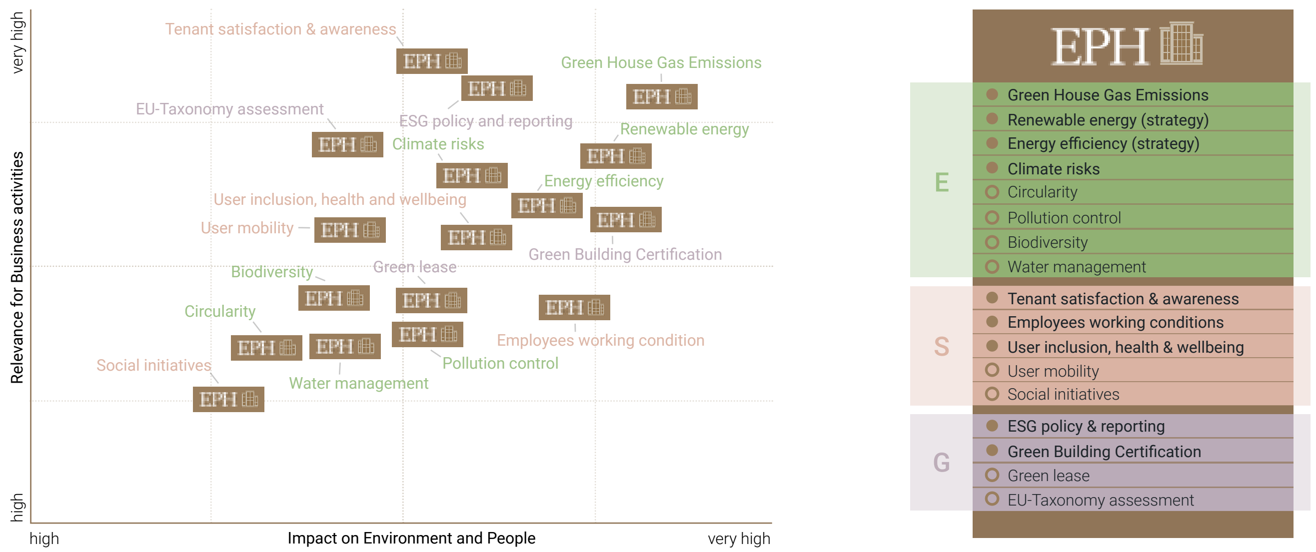
We use green electricity for the general supply of energy to all our buildings, and we aim to continue increasing our overall energy efficiency.

We are working towards a detailed measurement and monitoring system for energy consumption and the responsible use of resources is a top priority for EPH.

As a property portfolio holder, we are very aware of our role in promoting climate protection. Hence our focus on Sustainable Development Goal 13: Climate Action. The properties under our management are at the forefront of our efforts to contribute to a more sustainable future.

As a real estate company, and in particular as a property owner, we recognise that not all the 17 Sustainable Development Goals directly relate to our business activities. However, we want to ensure that our operations do not have a negative impact on any of them. Specifically, as outlined above, we aim to have a positive impact on Goals 3, 7, 12, and 13, and have developed our materiality analysis accordingly. The assessment of the 17 UN goals was therefore essential to our materiality analysis. At the same time, we have identified material topics based on a comprehensive stakeholder analysis. The topics were then prioritised using the double materiality principle, considering their impact on the environment and society, as well as their relevance to EPH's business operations. These material topics form the basis of our sustainability strategy.

MATERIAL TOPICS MATRIX



● Priority 1 ○ Priority 2

EPH EUROPEAN PROPERTY HOLDINGS DREES & SOMMER

Interview:

“Sustainability has always been a crucial aspect for us.”

Anna Bernhart
Management Member and Head Investor Relations

How important is ESG for EPH and how green are the properties within the portfolio?

Anna Bernhart: ESG factors are extremely important for EPH. Our portfolio consists of properties that meet rigorous quality and sustainability standards, which, together with our professional asset management solutions, forms the basis for stable values and income streams. Seven out of eight office and hotel buildings in our portfolio have already obtained certificates in DGNB Platinum, DGNB Gold, or LEED Gold. As a result, EPH is well positioned in the current market landscape, with a long-term strategic vision and a portfolio of premium assets that boast high climate compatibility.

How have you set up your ESG strategy, what are you working on?

Anna Bernhart: Sustainability has always been a component of everything EPH does, and in 2022 we conducted a thorough evaluation of sustainability across the entire EPH Group, with a particular focus on our property portfolio. This led to the development of our sustainability strategy. One of our first key achievements has been the successful transition to green electricity for the general energy supply to all our buildings. However, we have only started and moving forward, we are committed to further enhancing our overall energy efficiency. We have conducted a detailed analysis of climate risk on a property-by-property basis to ensure that our portfolio does not harm the environment. Our goal is to continuously improve the quality of our data and reassess our carbon risks. It is also important to note that our focus on ESG extends beyond the “E” for environmental concerns. We also prioritise social and governance factors. We strive to actively engage with our tenants, ensure their satisfaction, and raise awareness of sustainable practices in our properties. We aspire to create spaces that are not only environmentally friendly but also conducive to the health and comfort of our users.

Why are ESG criteria particularly important for property owners?

Anna Bernhart: ESG is not only gaining in importance within the property industry due to the European Union’s climate targets and stricter legal requirements. The sustainability of buildings has now also become a key consideration for tenants and investors, particularly as reporting requirements on ESG compliance are expected to be introduced over the next few years. For property owners, the focus is on value retention and ensuring stable cash flows from rental income. After all, properties that fail to meet ESG criteria risk becoming stranded assets, losing value and becoming difficult to sell or rent. Long-term property investors therefore have no choice but to prioritise sustainability in their portfolios to ensure that they remain viable for the future. For property investors, ESG criteria are no longer ‘optional’, they are a relevant economic factor. Particularly at the top end of the European office market, users are increasingly focusing on grade-A locations and property quality, as well as the sustainability of space.

OUR ESG STRATEGY AND MEASURES

ENVIROMENTAL

OUR ENVIRONMENTAL STRATEGY:

1. Minimise greenhouse gas emissions
We aim to increase energy efficiency and prioritise the use of green energy in all our properties to reduce our carbon footprint.

2. Adapting to climate change
We have analysed climate risk on a property-by-property basis with the goal of ensuring that our portfolio does not harm the environment.

OUR MEASURES:

1. **Implementing central data monitoring for corporate and building automation and data monitoring for properties.**
2. **Improving the data base for corporate and property carbon footprint calculation.**
3. **Evaluating existing green electricity contracts.**
4. **Annually re-evaluating circular economy regulations, our strategy, as well as our corporate and property carbon footprint.**

NEXT STEPS:

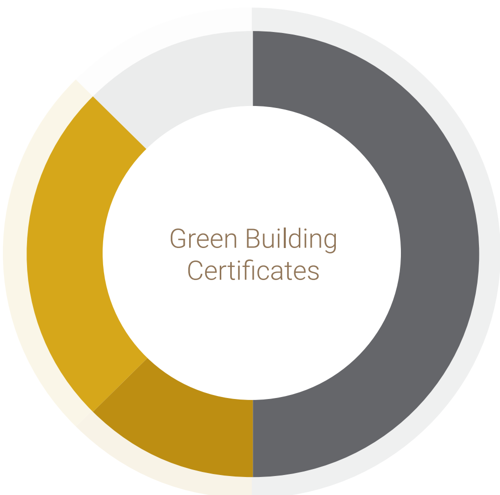
1. **Installation of centralized data monitoring and start to collect data**
2. **Communication with tenants to promote transition to green electricity for all energy consumptions.**

REAL ESTATE PORTFOLIO ANALYSIS

The portfolio consists of nine core assets in Germany's top cities and Vienna. For the ESG strategy and portfolio analysis, all nine assets are considered and analysed vis-à-vis green building certification, their energy consumption and CO2 emissions.

Existing Green Building Certification of EPH Portfolio:

QBC 1 - Office	DGNB Platinum - NBV09AT (03/2021)
QBC 2 - Office	DGNB Platinum - NBV09AT (03/2021)
QBC 4 - Office	DGNB Platinum - NBV09AT (03/2019)
LASS 1* - Office	ÖGNI Gold (*in progress)
CityGate - Office	DGNB Platinum - NBV08 (no date)
WLC - Office	LEED Gold - BD+C:C&S09 (05/2018)
SALZ 4 - Hotel	LEED Gold - Existing:O+M (12/2013)
STRAL 3 - Hotel	none
QBC 7 - Parking	n/a



DGNB Platinum | DGNB Gold | LEED Gold | None

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

As our sustainability review focused specifically on our property portfolio, the key findings are set out below. Further information can be found in our Annual Report 2022.

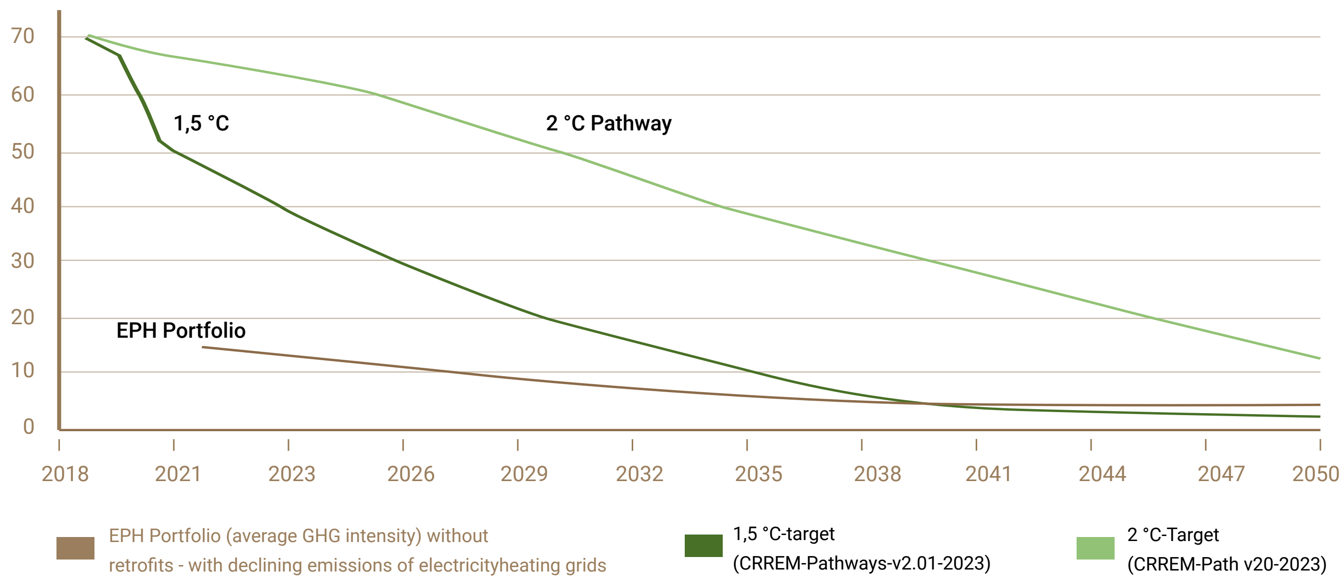
Green building certifications: Seven out of the eight office and hotel buildings have DGNB Platin, DGNB Gold or LEED Gold certificates.
These certificates are an indicator of high quality and a certain level of sustainability in a property.

Location based assessment : Based on consumption data and 1.5 °C pathway, no stranded assets until 2037

Market based assessment: Green electricity contracts would extend stranding risk beyond 20 years

Due to the high performance of the portfolio and low CO_2 emissions, no serious carbon risk was identified for the next 10 years. It is the target to improve data quality and reevaluate carbon risks regularly.

The below graph shows the development if no further action is taken. However, EPH will aim to improve its carbon footprint to avoid stranded assets at any time.



The lower graph is based on estimated data. EPH European Property Holdings PLC is currently preparing for real data analysis.

SOCIAL

OUR SOCIAL STRATEGY:

1. Tenant satisfaction and awareness
Our goal is to actively engage with our tenants to ensure their satisfaction and raise awareness of sustainable practices in our properties. By maintaining regular dialogue with our tenants, we are able to respond even more specifically to our tenants' wants and needs and better align our properties to market demands. Enhancing tenant satisfaction is one of our top priorities as it is a crucial factor in maintaining a high occupancy rate and fostering a positive environment within our properties.

2. Employee wellbeing and equality
Our employees are essential to our success, and we prioritise their well-being, security, and equal treatment, promoting diversity and equal opportunities. We strive to cultivate a fair management culture, provide individual support, and generally foster respectful interactions between our team members to enhance employee satisfaction and performance. Diversity and equal opportunities are key aspects of our company's culture.

3. Comfortable spaces for building users
Our goal is to design and develop spaces that promote the health and well-being of our building users. We are committed to providing the highest levels of quality and creating pleasant working environments within our properties.

OUR MEASURES:

1. **Defining measures to increase tenant satisfaction and awareness**
2. **Evaluating existing green electricity contracts.**
3. **Implementing guidelines on employee working conditions**

NEXT STEPS:

1. **Improving tenant communication with personal meetings and annual newsletters**
2. **Organising first community and tenant events in Hamburg and Vienna**
3. **Implementing personnel regulations focusing on employee working conditions**

Interview:

“Sustainable tenant relationships: Long-term stability through close ties”

Katrin Neuhaus
Head of Asset Management VLR Germany GmbH

Katrin Neuhaus supports EPH as Head of Asset Management of VLR Germany, EPH’s long-standing and exclusive asset manager. Before joining VLR, she was Director at Cells and Associate Director Asset Management at Dream Global. She started her career as a consultant at Savills. She was Senior Consultant at Jones Lang LaSalle and Senior Analyst at Feri Euro Rating Services.

1. What does the current market situation mean for asset management?

Asset management has become increasingly important, particularly in the current challenging market conditions. Property is no longer a surefire success and office space does not let itself. Now more than ever, asset managers need market expertise and experience to respond to users’ evolving requirements. And the current market environment has heightened our awareness of the importance of establishing strong communication channels with tenants.

2. Why is tenant communication so important?

The way we live and work has changed immensely – as have tenants’ wants and needs. As a result, asset managers are now facing greater challenges than ever before. In order to effectively address tenants’ changing needs and requirements – and react accordingly – asset managers must establish closer relationships with their tenants. The key to success, however, lies in maintaining ongoing communication with tenants. This is the only way to get a feel for current and future trends and quickly find efficient solutions. No one should ever underestimate the importance of regular personal interactions. It is not enough to simply send tenants rental invoices and an annual service charge statement. A meaningful and, above all, personal dialogue is crucial. This increases tenant satisfaction. And satisfied tenants are more likely to collaborate in finding solutions, leading to a higher level of overall tenant satisfaction. This, in turn, has a positive impact on the property’s long-term occupancy rate.

3. What role does flexibility play in all this?

Flexibility plays a crucial role in asset management: it is important to develop an understanding of the tenant’s business models and their volatility, as well as finding out how well established they are on the market. Flexibility is also required if asset managers are to react to changes as they emerge and effectively respond to tenants’ needs. Above all, building sustainable tenant relationships is the key to achieving long-term stability and maximising the potential for stable rental income and property portfolio values, even during times of crisis. And no one should underestimate the increasing reporting requirements asset managers are also faced with, as the dynamic development of the property must be adequately reported to investors. This requires a great deal of commitment from asset managers to continuously collate relevant data, analyse it, and determine potential courses of action.

4. Have you noticed any lasting impact from the “work from home” trend when letting space?

We have let the majority of space in our properties on long-term leases and have a high occupancy rate. However, it is evident that many companies still view the office as a crucial component of their corporate culture and are not willing to fully transition to remote working or working from home. As a result, they are looking for spaces that inspire their employees to return to the office. Given the latest hybrid working models, demand for space is decreasing somewhat, while demand for quality has only grown. After all, the key factors that determine the stability and long-term rentability of office spaces are the property’s fundamentals, its location, and convenient access to public transportation. And those fundamentals haven’t changed.

5. How can asset managers help implement ESG measures?

It is also important to engage with tenants, for example to promote ESG measures within the property. Asset managers also need to collect and analyse consumption data in order to help shape the overall investment strategy for the property and reduce the building’s carbon footprint. We have already transitioned to green electricity for the general supply of energy to our properties and have included obligations in newer rental agreements, such as requiring tenants to use green electricity in their rental areas. While these efforts are commendable, they are somewhat limited due to properties being almost fully let on long-term leases. Nevertheless, we maintain open communication with all of our tenants, not least because we want to better understand their ESG strategies. This allows us to identify common goals and work together with our tenants to achieve them.

GOVERNANCE

We are committed to responsible, value-orientated management and control at all levels of our company. Compliance with ethical, social, environmental and legal requirements is of paramount importance to us, and we strive to be transparent in all of these areas. Responsible and ethical corporate governance are the principles that guide our business activities. And to uphold these principles, we have developed a code of conduct that embodies the philosophy of our corporate governance.

OUR GOVERNANCE STRATEGY:

1. Code of Conduct
EPH has complied the code of conduct with the primary objective to uphold high standards of business conduct and ethical behaviour and to prevent money laundering, the financing of terrorism, criminal activities, and corruption.

2. Policies and Procedures
We take a zero-tolerance approach to fraud and have implemented a set of policies and procedures which create awareness towards potential fraud and ensure sufficient controls to prevent fraud.

3. Transparency
Serious approach towards transparent reporting of financial and non-financial information to shareholders and stakeholders.

OUR MEASURES & NEXT STEPS

1. Preparation of transparent sustainability reporting following ESRS requirements
2. Enhancing of our corporate governance principles
3. Strengthen Transparency and Disclosure Practices

WRAP UP

>90
per cent

of the net rentable space in our portfolio is located in buildings with sustainability certificates

7 out of **8**

office and hotel buildings have been awarded sustainability certificates

100
per cent

of properties use green electricity for general power supply

0
stranded assets

as confirmed by a location-based assessment


Selig
Frieden
Stiften
Blessed
peace-
makers

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

The Corporate Governance of EPH European Property Holdings PLC (until 7 February 2022 "EPH European Property Holdings Limited") ("EPH" or "Company") is based on the Corporate Governance Guidelines of the SIX Swiss Exchange that entered into force on 01 January 2023.

On 30th June 2023, EPH European Property Holdings PLC (the "Company" or "EPH") changed its registered address from Menandrou 12, Eliona Tower, Office 207, 1066 Nicosia, Cyprus to Monis Machaira 18, Office 101, 3020 Limassol, Cyprus.

The Corporate Governance refers to the facts as of the balance sheet date (31 December 2023). Significant changes which have taken place between the balance sheet and the date of publication (26 April 2024) will be explicitly stated.

1. GROUP STRUCTURE & SHAREHOLDERS

1.1 GROUP STRUCTURE

EPH European Property Holdings PLC operates as a real estate holding company which owns its assets directly, or through subsidiaries.

A list of significant companies showing the Company's subsidiaries and otherwise affiliated companies, percentage ownership, and domiciliation can be found on pages 41 ff of the Annual Report. Information on segment reporting and further explanations can be found in the notes to the consolidated financial statements, Note 3.

The Board of Directors is responsible for the business affairs of the Company in accordance with the Company's Memorandum and Articles of Association. The Board of Directors supervises the Company's management and the activities of the Management Committee. The Board of Directors and the Management Committee are assisted in the management of the Company by Valartis Group and its subsidiaries (together "Valartis" or "Advisor"). More information on the duties of each of the bodies can be found on page 45 ff of this Corporate Governance Report.

The shares of the Company are traded on the SIX Swiss Exchange.
As of 31 December 2023, the Company's market capitalization was EUR 377.50 million.

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

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

Full company name	Registered office	Issued Share Capital	Ownership %
Andorian Beteiligungsverwaltungs GmbH	Am Belvedere 4, 1100 Vienna, Austria	EUR 35,000	100% held by Lexworth Finance Limited
Asura Holding S.a.r.l.	23, rue des Jardiniers 835 Luxembourg, Luxembourg	EUR 1,012,000	100% held by EPH
Capital Estate Group (C.E.G.) Limited (sold in April 2023)	Menandrou 12, Office 207, Eleona Tower, 1066 Nicosia, Cyprus	US$ 94,000 (94,000 ordinary shares, par US$ 1)	100% held by Lenbury Enterprises Limited
City Gate Stuttgart GmbH	Friedrich-Ebert-Anlage 56, 60325 Frankfurt, Germany	EUR 25,000	94% held by Ferran Limited
Connecta Beratungsgesellschaft im Ost-West-Wirtschaftsverkehr mbH (sold in April 2023)	Herzog-Heinrich-Strasse 22, 80336 Munich, Germany	DM 50,000	100% held by Lenbury Enterprises Limited
Connecta Beratungsgesellschaft im Ost-West-Wirtschaftsverkehr mbH&Co. Erste Grundstücks KG (sold in April 2023)	Herzog-Heinrich-Strasse 22, 80336 Munich, Germany	EUR 8,757,044.81	100% held by Lenbury Enterprises Limited
EPH One, LLC (sold in April 2023)	5 Petrovka St., 107031 Moscow, Russia	RUB 10,000	100% held by Lenbury Enterprises Limited
EPH Real Estate Limited (sold in April 2023)	Menandrou 12, Office 207, Eleona Tower, 1066 Nicosia, Cyprus	EUR 17,100	99.99% held by Lenbury Enterprises Limited and 0.01% held by Capital Estate Group (C.E.G.) Limited.
Ferran Limited	Monis Machaira 18, Office 101 3020 Limassol, Cyprus	EUR 21,000 (21,000 ordinary shares of EUR 1 each)	100% held by EPH
Housefar Limited (sold in April 2023	Menandrou 12, Office 207, Eleona Tower, 1066 Nicosia, Cyprus	EUR 3,420 (1,000 ordinary shares, par EUR 1.71, 1,000 non-voting preferred shares, par EUR 1.71)	Lenbury Enterprises Limited holds 100% of ordinary shares and 85% of preferred shares
Idelisa Limited (sold in April 2023)	Alasias, 33 3095 Limassol, Cyprus	EUR 2,000 (2,000 ordinary shares, par EUR 1.00)	100% held by Lenbury Enterprises Limited
Inspetsstroy, LLC (sold in April 2023)	11/2 bldg.1, 1st Magistralnaya St., 123290 Moscow, Russia	RUB 50	100% held by Housefar Limited
Lenbury Enterprises Limited (sold in April 2023)	Poseidonos Street, 1, LEDRA BUSINESS CENTRE, Egkomi 2406, Nicosia, Cyprus	EUR 1,000 (1,000 ordinary shares, par EUR 1.00)	100% held by EPH
Lexworth Finance Limited	Monis Machaira 18, Office 101 3020 Limassol, Cyprus	EUR 2,000	99.95% held by EPH and 0.05% held by T&A Services Ltd.
Obewan Beteiligungsverwaltungs GmbH	Esslinger Hauptstraße 188B/Haus 4, 1220 Vienna, Austria	EUR 35,000	100% held by Lexworth Finance Ltd.
Obewan GmbH & Co KG	Esslinger Hauptstraße 188B/Haus 4, 1220 Vienna, Austria	EUR 500	100% held by Ophuchus Beteiligungsverwaltungs GmbH
Ophuchus Beteiligungsverwaltungs GmbH	Esslinger Hauptstraße 188B/Haus 4, 1220 Vienna, Austria	EUR 35,000	100% held by Obewan Beteiligungsverwaltungs GmbH
Philadelphia, LLC (sold in April 2023)	5, Petrovka Street, Floor 4, Premises XI, Room 44 107031 Moscow, Russia	RUB 10,000	99.99% held by Idelisa Limited

Full company name	Registered office	Issued Share Capital	Ownership %
PNL Media Limited (sold in April 2023)	Menandrou 12, Office 207, Eleona Tower, 1066 Nicosia, Cyprus	EUR 2,001 (2,001 ordinary shares, par EUR 1.00)	99.95% held by Lenbury Enterprises Limited and 0.05% held by Capital Estate Group C.E.G.) Limited.
Primary TIZ Limited (sold in April 2023)	Poseidonos,1 LEDRA BUSINESS CENTRE Egkomi, 2406 Nicosia, Cyprus	US$102,540 (102,540 ordinary shares, par US$1)	100% held by TP Invest Ltd.
QBC Alpha SP Immomanagement GmbH	Esslinger Hauptstraße 188B/Haus 4 1220 Vienna, Austria	EUR 35,000	100% held by QBC 1,2,7 Holding GmbH
QBC BT IV Alpha GmbH	Esslinger Hauptstraße 188B/Haus 4 1220 Vienna, Austria	EUR 120,000	100% held by Andorian Beteiligungs verwaltungs GmbH
QBC BT IV Beta GmbH	Esslinger Hauptstraße 188B/Haus 4 1220 Vienna, Austria	EUR 60,000	100% held by Andorian Beteiligungs verwaltungs GmbH
QBC BT IV Epsilon GmbH	Esslinger Hauptstraße 188B/Haus 4 1220 Vienna, Austria	EUR 60,000	100% held by Andorian Beteiligungs verwaltungs GmbH
QBC Immobilien GmbH	Esslinger Hauptstraße 188B/Haus 4 1220 Vienna, Austria	EUR 60,000	100% held by QBC 1,2,7 Holding GmbH
QBC Immobilien GmbH & Co Alpha KG	Esslinger Hauptstraße 188B/Haus 4 1220 Vienna, Austria	EUR 10,000	94% held by QBC 1,2,7 Holding GmbH and 6% held by QBC Alpha SP Immo-management GmbH
QBC Immobilien GmbH&Co Delta KG	Esslinger Hauptstraße 188B/Haus 4 1220 Vienna, Austria	EUR 10,000	100% held by QBC BT IV Alpha GmbH, QBC BT IV Beta GmbH (Limited Part-ners) and QBC BT IV Epsilon GmbH (General Partner)
QBC Immobilien GmbH & Co Omega KG	Esslinger Hauptstraße 188B/Haus 4 1220 Vienna, Austria	EUR 10,000	94% held by QBC 1,2,7 Holding GmbH and 6% held by QBC Omega SP Im-momanagement GmbH
QBC Immobilien GmbH & Co Zeta KG	Esslinger Hauptstraße 188B/Haus 4 1220 Vienna, Austria	EUR 9,400	94% held by QBC 1,2,7 Holding GmbH and 6% held by QBC Immobilien GmbH
QBC Omega SP Immomanagement GmbH	Esslinger Hauptstraße 188B/Haus 4 1220 Vienna, Austria	EUR 35,000	100% held by QBC 1,2,7 Holding GmbH
QBC 1,2,7 Holding GmbH	Esslinger Hauptstraße 188B/Haus 4 1220 Vienna, Austria	EUR 35,000	100% held by Lexworth Finance Ltd.
Ramses Immobilien Gesellschaft mbH & Co KG	Esslinger Hauptstraße 188B/Haus 4 1220 Vienna, Austria	EUR 500	89.9% held by Ophuchus Beteiligungs-verwaltungs GmbH 10.1% held by Obewan GmbH & Co KG
Redhill Investment Limited (sold in December 2022)	Agiou Andreou, 339 Andrea Chambers Court, Flat/Office M103 3035 Limassol, Cyprus	EUR 8,550 (5,000 ordinary shares, par EUR 1.71)	100% held by EPH
SA3 Media S.a.r.l.	23, rue des Jardiniers 835 Luxembourg,Luxembourg	EUR 3,512,500	89.9% held by Lexworth Finance Limited
Setford Limited	Monis Machaira 18, Office 101 3020 Limassol, Cyprus	EUR 20,000 (20,000 ordinary shares of EUR 1 each)	100% held by EPH
Silverlake Limited (liquidated in February 2022)	Koumandarias&Spyrou Araouzou, 7th Floor, Tonia Court II 3036 Limassol, Cyprus	EUR 2,000 (2,000 ordinary shares, par EUR 1.00)	100% held by EPH
SG4 Dresden GmbH & Co KG	Friedrich-Ebert-Anlage 56, 60325 Frankfurt, Germany	EUR 1,000	100% held by SG4 Dresden Holding GmbH

Full company name	Registered office	Issued Share Capital	Ownership %
SG4 Dresden Holding GmbH	Friedrich-Ebert-Anlage 56, 60325 Frankfurt, Germany	EUR 25,000	100% held by Asura Holding S.a.r.l.
SG4 Dresden Management GmbH	Friedrich-Ebert-Anlage 56, 60325 Frankfurt, Germany	EUR 25,000	100% held by SG4 Dresden Holding GmbH
Société de l'Hôtel des Trois Couronnes, à Vevey, SA (acquired January 2024)	Rue d'Italie 49, 1800 Vevey	CHF 8'250'000	100% helb by EPH
T&A Services Limited (in liquidation since March 2024)	Luna Tower, Waterfront Drive, Road Town, Tortola, VG1110, British Virgin Islands	US$ 5	100% held by EPH (as of January 2024)
Tengri, LLC (sold in April 2023)	Hersonskaya Street, 41A, Floor 3, Premises III; Room 7 117246 Moscow, Russia	RUB 2,019,195,866	100% held by PNL Media Ltd.
Tizpribor, JSC (sold in April 2023)	Krasnoproletarskaya, 4 127006 Moscow, Russia	RUB 8,787,500	99.98% held by Capital Estate Group (C.E.G.) Ltd.
TP Invest, LLC (sold in April 2023)	Krasnoproletarskaya, 2 /4 constr.13 127006 Moscow, Russia	RUB 1,511,710,000	100% held by JSC Tizpribor
VOX INVESTMENT LTD (sold in April 2023)	S2, Quartier Des Serres, Domain de Labourdonnais, 31803 Mapou, Mauritius	CNY 1,000	25% held by EPH One, LLC 50% held by Tengri, LLC 25% held by Tizpribor, JSC
WLC Hamburg GmbH	Friedrich-Ebert-Anlage 56, 60325 Frankfurt, Germany	EUR 25,000	94% held by Setford Limited

1.2 SIGNIFICANT SHAREHOLDERS

On 31 December 2023 and on the reporting date, EPH had 14,409,022 ordinary shares in issue carrying voting rights.

On 31 December 2023, CAIAC Fund Management AG's Aurora Value Fund held 8,648,103 shares equalling to 60.02% of the nominal capital and voting rights of the Company. In addition, Aurora Value Fund held call options with third parties for 1,070,000 shares in the Company, equalling 7.43%.

On 31 December 2023, Real Estate Portfolio Fund managed by One Funds AG (until 17 November 2022 Bendura Fund Management Alpha AG) held 2,700,000 shares in the Company, equalling 18.70% of shares in issue. Lionshare Opportunities Fund managed by One Funds AG (until 17 November 2022 Bendura Fund Management Alpha AG) held 913,156 shares in issue, equalling 6.34%. Valartis Property Holdings Ltd. held 710,000 shares in the Company, equalling 4.93% of shares in issue with a put-option towards Aurora Value Fund.

When informed by shareholders that their ownership stakes have exceeded or fallen below the levels of 3%, 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% or 66 2/3% of shares in issue, the Company publishes the disclosure in a press release in accordance with the requirements of SIX Swiss Exchange Regulations. Historical press releases can be found on the Company's website at https://europeanpropertyholdings.com/investors/news/.

For an overview of the disclosures in the reporting period, please refer to the website of SIX Exchange Regulation (https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/).

1.3 CROSS-SHAREHOLDINGS

There are no cross-shareholdings.

2. CAPITAL STRUCTURE

2.1 CAPITAL

The Company's Memorandum and Articles of Association latest amended on 9 June 2022 are published on the Company's website (https://europeanpropertyholdings.com/) and provide for an authorised capital which entitles the Board of Directors to issue a total of 21,000,000 registered ordinary shares of a nominal value of EUR 0.93 each and 1,000,000 registered Series A shares with a nominal value of EUR 0.93 each. As of 31 December 2023, and the reporting date the Company's issued share capital consists of 14,409,022 ordinary shares. Note 20 "Shareholders' Equity" to the Company's Financial Statements contains a detailed description of the Company's capital structure.

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

Shares and other Securities may be issued at such times, to such persons, for such consideration and on such terms as the Board of Directors may determine by resolution - subject to requirements stated in the Company's Memorandum & Articles of Association. Subject to the provisions of Cyprus Law and any direction to the contrary that may be given by a resolution sanctioning the increase of share capital, all new shares proposed to be issued (whether unissued shares in the original capital or new shares in the increased capital) in consideration of cash or in kind must be offered in the first instance to the Shareholders on a certain date as determined by the Board of Directors and in proportion to their participation in the share capital of the company. Each Member will have up to 14 days following the dispatch date of the notice of the offer, which notice will identify the proposed terms and conditions of the offer, to notify the Company of its desire to exercise its pre-emption right on the same terms and conditions proposed in the notice. The Company may by ordinary resolution of a general meeting, before the issue of any new shares, withdraw the Shareholders' pre-emption rights as to the issue of such new shares if the Board of Directors furnish at the general meeting a written report that describes the reasons in favour of the disapplication of the Shareholders' pre-emption rights and provides information to support the proposed price of the new shares. The status of the authorized capital is detailed in Note [26] to the Company's Financial Statements.

2.2 CAPITAL BAND AND CONDITIONAL CAPITAL

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

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

2.3 CHANGES IN CAPITAL

Number of shares	31.12.2023	31.12.2022	31.12.2021
Authorised	21,000,000	21,000,000	21,000,000
Issued	14'409'022	14'409'022	14'409'022
Treasury shares/ Shares held by the Company	92,632	89,565	84,741
Issued and outstanding	14,316,390	14,319,457	14,324,281

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

On 09 June 2022, the Annual General Meeting of the Company has approved the conversion of the currency of the share capital of the Company from USD to EUR. Therefore, since 9th June 2022 one share of an original nominal value of USD 1 has a nominal value of EUR 0.93.

As of 31 December 2023, the Company's issued share capital is equal to EUR 13,400,390,46 divided into 14,409,022 ordinary shares with a nominal value of EUR 0.93 each. Note 20 "Shareholders' Equity" to the Company's Financial Statements contains a detailed description of the Company's capital structure. There have been no further changes to the authorised capital.

In February 2023, based on Cyprus legislation, the Company has sold 80,800 treasury shares on the public market.

2.4 SHARES AND PARTICIPATION CERTIFICATES

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

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

Series A shares have equal economic and dividend rights like ordinary shares, but do not have voting rights. No Series A shares are in issue as of 31 December 2023 and the reporting date.

The Company has not issued any participation certificates.

2.5 DIVIDEND-RIGHT CERTIFICATES

The Company has not issued any dividend-right certificates.

2.6 LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

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

2.7 CONVERTIBLE BONDS AND OPTIONS

Neither the Company nor any of its subsidiaries have outstanding convertible bonds and / or options in issue.

3. BOARD OF DIRECTORS

3.1 MEMBERS OF THE BOARD OF DIRECTORS

In April 2023, Hans Messmer and Annamaria resigned as Board Members with immediate effect. On the 26 July 2023, the Board of Directors was appointed and on 30 August 2023, the Annual General Meeting of the Company resolved the appointment of Vera Christodoulou and Gerrit Straub as directors of the Company for a term of two years. As of the reporting date, the BoD comprises 6 members.

Composition of the Board of Directors as of 31 December 2023 and biographies of the board members can be found in the "Directors and Management" section of the Annual Report, starting on page 22.

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

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

None of the Company's other Non-Executive Board Members have significant business connections with, or have served in other roles within the Company, its subsidiaries or affiliated companies, or Valartis Group at any time in the past.

The Board of Directors consists of 2 female and 4 male members resulting in a female quota of 33%.

3.2 OTHER ACTIVITIES AND VESTED INTERESTS

Except for the mentioned and described activities in the biographies of each Board Member, none of the Company's Board Members serve in governing or supervisory bodies with relevance to the Company, nor do they represent Swiss or foreign interest groups. None of the Company's Board Members hold political posts or serve official governmental or regulatory functions.

3.3 NUMBER OF PERMITTED ACTIVITIES

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

3.4 ELECTIONS AND TERMS OF OFFICE

The Board Members are elected individually by the General Meeting of Shareholders. According to the Memorandum & Articles of Association of the Company the maximum term for election is three years. Upon expiration of a Board Member's term re-election is allowed. Michael Cuthbert, Tomasz Dukala, Olga Melnikova and Gustav Stenbolt were re-elected at the Annual General Meeting held on 9 June 2022. Vera Christodoulou and Gerrit Straub were elected for the first time at the Annual General Meeting held on 30 August 2023.

3.5 INTERNAL ORGANISATIONAL STRUCTURE

3.5.1 Allocation of tasks within the Board of Directors

On 7 March 2022, the Board of Directors have passed a resolution forming a Management Committee which as at 31 December 2023 consists of two Board Members and four Non-Board Members. No committees other than the Management Committee have been formed.

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

Details on the Management Committee can be found below 4.1. of this Corporate Governance Report starting on page 46.

3.5.3 Work methods of the Board of Directors

The Board of Directors shall meet as often as necessary during any given year and customarily, board meetings shall be held in the Republic of Cyprus unless exceptionally, there is a need to hold the meeting remotely via electronic means when the physical presence of any of the directors in the Republic Cyprus would not be possible. Duration of the meetings depends on the list of items on the agenda. Board meetings may be attended by the Management Committee members and the Advisor, who brief the Board of Directors with regards to Company developments within their area of responsibility. In order to support the ordinary course of the daily business, the Board of Directors may also decide on written resolutions. Board of Directors meetings took place 11 times in 2023.

3.6 DEFINITION OF AREAS OF RESPONSIBILITY

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

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

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

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

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

3.7 INFORMATION AND CONTROL INSTRUMENTS

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

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

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

4. MANAGEMENT

4.1 MANAGEMENT COMMITTEE

4.1.1 Members of the Management Committee

In accordance with the Company's Memorandum and Articles of Association, the Management Committee was elected by a board resolution dated 07 March 2022.

In April 2023, Annamaria Vassiliades resigned as Management Committee Member with immediate effect. In September 2023, the Board of Directors appointed Anna Bernhart and Michalis Constantinides as Management Committee Members of the Company with effect as of 01 October 2023.

Composition of the Management Committee as of 31 December 2023, and biographies of the members can be found in the "Directors and Management" section of the Annual Report, starting on page 22.

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

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

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

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

The Management Committee consists of 4 female and 2 male members resulting in a female quota of 66%.

4.1.2 Other activities and vested interests

Olga Melnikova and Vera Christodoulou, who are members of the Management Committee, also serve as members of the Board of Directors of the Company. Except for the mentioned, none of the members of the Management Committee serve in governing or supervisory bodies with relevance to the Company, nor do they represent Swiss or foreign interest groups. None of the Management Committee members hold political posts or serve official governmental or regulatory functions.

4.1.3 Number of permitted activities

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

4.2 ADVISOR

Valartis Group AG, and its subsidiaries (together "Valartis") provides on a daily basis various advisory service to the Company. In April 2023, the agreement with Valartis was re-negotiated and is in its new form effective from 1 May 2023 until expiry on 1 January 2025 with the possibility of prolongation by express written agreement of both parties.

Valartis is supporting and giving advice in regard to the day-to-day business of EPH. The scope of services covered includes among others asset management services for the properties City Gate, Work Life Center, QBC 4, STRAL 3, SALZ 4, LASS 1 and QBC 1,2,7. In addition to leasing, regular reporting and administration of the Company's properties, the services provided by Valartis also relate to corporate administrative, financial management, directorships in subsidiaries and investor relations services. In addition, Valartis has appointed one Management Committee member, Anna Bernhart

Valartis regularly reports to the Board of Directors and the Management Committee which monitor the activities closely. Valartis is only authorized to act within agreed budgets of the respective subsidiaries and within the scope of the respective property management agreements. Within its scope Valartis suggests measures to be considered by the Board of Directors or the Management Committee.

5. COMPENSATIONS, SHAREHOLDINGS & LOANS

5.1 CONTENT AND METHOD OF DETERMINING THE COMPENSATION AND SHAREHOLDING PROGRAMS

Members of the Board of Directors are compensated for serving on the Board of Directors. Starting from April 2018 the annual fee per board member has been agreed at US$ 50,000 which is included in expenses in the Company's income statement. On 26 April 2023, the board members decided to convert the remuneration to EUR 46,500. The current compensation level will remain in effect until the Board of Directors votes to amend it.

Tomasz Dukala is supporting the Company with advisory services especially in the sphere of acquisitions of new assets and receives an additional annual compensation. Vera Christodoulou is apart from a board member also part of the Management Committee and director at Group subsidiaries. Their annual compensation reflects these responsibilities and duties. Gustav Stenbolt does not receive a separate compensation for his board membership as it is covered in the agreement between the Company and Valartis.

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

Name of Member	Function	Cash Remuneration
Anna Bernhart	MC Member	Covered by agreement with Valartis
Vera Christodoulou	Executive Board & MC Member	EUR 102,305
Michalis Constantinides	MC Member	EUR 12,000
Michael Cuthbert	Non-Executive Board Member	EUR 46,500
Tomasz Dukala	Non-Executive Board Member	EUR 76,500
Olga Melnikova	Executive Board & MC Member	EUR 46,500
Marios Phedonos	MC Member	EUR 10,000
Christina Spyrou-Katras	MC Member	EUR 38,000
Gustav Stenbolt	Executive Board Member	Covered by agreement with Valartis
Gerrit Straub	Non-Executive Board Member	EUR 46,500

The Board of Directors and Management Committee do not receive any performance-oriented remuneration. There is no employee benefit program in place. There are no payments in respect to pension or social security. There are no loans granted to members of the Board of Directors or the Management Committee.

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

The overall advisory fee under the Real Estate Advisory Agreement with Valartis consists of separate payments for each of the specific services provided. Under the Real Estate Advisory Agreement, in 2023 the advisory fee in respect to property management, administration, investor relations and administrative services amounted to approximately US$ 1.7 million. For 2024, the annual fee is expected to remain at approximately US$ 4 million. Additional services like corporate finance services (e.g., for structuring of financing and acquisition of assets), advice on sustainability matters, property management of additional assets and the management of additional development projects is not included in the services under the Real Estate Advisory Agreement. In 2023, the Advisor received additional fees of a) EUR 217,500 for the finalization of the acquisition / takeover of the property LASS 1, b) CHF 75,000 for advice on sustainability matters, c) 125,000 success fee for the sale of the Russian portfolio and d) EUR 40k success fee for outstanding performance.

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

6. SHAREHOLDERS' PARTICIPATION

6.1 VOTING-RIGHTS AND REPRESENTATION RESTRICTIONS

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

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

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

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

6.2 STATUTORY QUORUMS

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

Matters of the Shareholders’ meetings are decided by:

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

- Alteration of the Memorandum and Articles of Association of the Company;
- Any change in the name of the Company;
- Calling up any of the share capital that is unpaid;
- To pay interest out of capital when shares of the Company are issued for raising money, to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period;
- Reduction of share capital, extinguish or reduce the liability on any of its shares in respect of share capital not paid up, cancel any paid-up share capital which is lost or unrepresented by available assets, pay off any paid-up share capital which is in excess of the wants of the Company, cancel paid up share capital by the creation of a reserve subject to the court’s confirmation;
- Declaration by the Company that the affairs shall be investigated by an investigator appointed by the Council of Ministers;
- Alteration to the Memorandum to render unlimited liability to its directors or managers, or of any managing director, if provisions are included in the Articles of Association of the Company;
- If provisions are included in the Articles of Association of the Company or by any agreement entered into between any person and the Company for empowering a director or manager of the Company to assign his/her office as such to another person, any assignment of office made in pursuance of the said provision shall, notwithstanding anything to the contrary, contained in the said provisions, be of no effect unless and until it is approved by a special resolution of the Company;
- Making a compromise with creditors;
- Resolution to wind up the Company by the court or voluntarily;
- When a Company is proposed to be, or is in the course of being, would up voluntarily, and the business or property is proposed to be transferred or sold to another company, the liquidator may accept shares, policies or other interests in the transferee Company or enter into an agreement to participate in profits or receive any other benefit from the transferee Company for distribution among the members of the transferor Company as consideration for sale of property of the Company if sanctioned by special resolution.

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

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

6.3 CONVOCATION OF THE GENERAL MEETING OF SHAREHOLDERS

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

6.4 INCLUSION OF ITEMS ON THE AGENDA

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

6.5 ENTRIES INTO THE SHARE REGISTER

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

7. CHANGES OF CONTROL & DEFENSE MEASURES

7.1 DUTY TO MAKE AN OFFER

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

7.2 CLAUSES ON CHANGES OF CONTROL

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

8. AUDITING BODY

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

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

Deloitte AG, Zurich has been appointed auditor of the Company in June 2018. Since then, the lead auditor is Mr. Marcel Meyer. Based on Cyprus law, the Company has additionally appointed LIS Primus Audit and Tax Ltd. which audits the Company's statements for Cyprus.

8.2 AUDITING FEES

Fees (excluding expenses and VAT) paid to Deloitte AG, for audit of the Company's 31 December 2022 financial statements, and audit-related work, totalled US$ 525,000. Fees (excluding expenses and VAT) paid or to be paid to Deloitte AG for audit of the Company's 31 December 2023 financial statements and review of the 30 June 2023 interim financial statements are estimated at a total of EUR 325,000.

Fees (excluding expenses and VAT) paid to LIS Primus Audit and Tax Ltd. for audit of the Company's consolidated and stand-alone financial statements for the year ended 31 December 2022 for Cyprus statutory purposes amounted to EUR 34,000. Fees (excluding expenses and VAT) to be paid to LIS Primus Audit and Tax Ltd. for audit of the Company's consolidated and stand-alone financial statements for the year ended 31 December 2023 for Cyprus statutory purposes amounted are estimated at EUR 33,500.

8.3 ADDITIONAL FEES

In 2023, Deloitte AG supported the Company with professional services in connection with tax advice and the acquisition of Trois Couronnes in terms of transaction structuring and charged additional fees of US$ 2,500 and CHF 23,000 (out of this amount CHF 21,000 was invoiced and paid in 2024). LIS Primus Audit and Tax Ltd. supported the Company with professional services in connection with tax advice and auditing of the Cyprus subsidiaries and charged additional fees of EUR 29,200 and EUR 15,950. The amounts are net of VAT and out-of-pocket expenses.

8.4 INFORMATIONAL INSTRUMENTS PERTAINING TO AN EXTERNAL AUDIT

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

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

9. INFORMATION POLICY

Audit reports are published on an annual basis for the reporting period ending 31 December latest by 30 April. In addition, the Company publishes unaudited interim financial information for the period ended 30 June which are reviewed by the auditor latest by 30 September. The actual dates for each year can be found on the Company's webpage: https://europeanpropertyholdings.com/about/company.php. The Annual General Meeting of the Company takes place each year in June in Cyprus. In 2024, the Annual General Meeting takes place on 26 June 2024.

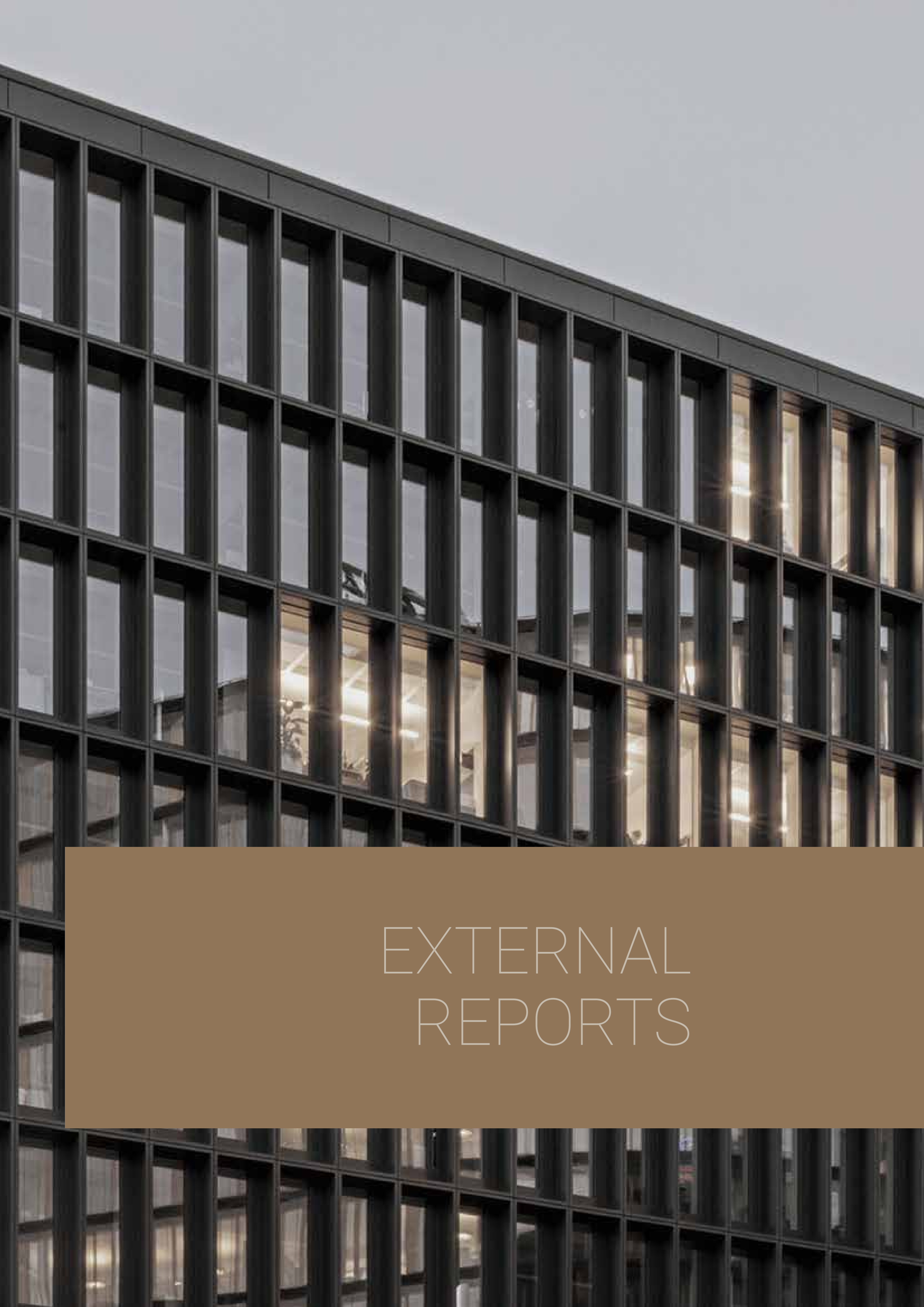
Interested parties can request all press releases and other communication from the Company be sent to their email address by visiting https://europeanpropertyholdings.com.

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

10. QUIET PERIODS

In 2023, the Company has defined blackout periods: Management and employees who are involved in the preparation of the financial statements are restricted to sell or buy shares (or trade in any other financial instruments of the company) four weeks before publication of the annual and half-year financial statements. As soon as aware of any fact which are defined to be inside information, the Board of Directors, Management and other employees are restricted from any trading. In case necessary, black-out periods will be defined for specific periods and until disclosure to the market.

Furthermore, the Board of Directors and Management Committee members are responsible for not using price sensitive information when trading in Group shares.



EXTERNAL REPORTS

Deloitte.

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Report of the Independent Auditor

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of EPH European Property Holdings PLC (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (Pages 65 to 135) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and art. 17 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange.

Basis for Opinion

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

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

Deloitte.

Our Audit Approach

Summary	
Key audit matters	• Sale of Russian business component • Valuation of investment property
Materiality	Based on our professional judgement, we determined materiality for the Group as a whole to be at EUR 5,010,000
Scoping	We defined four components operating in four countries to be in scope for group reporting purposes. The ratios of coverage for group total assets, group revenue, and group profit before tax are disclosed below.

Key Audit Matters

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

Deloitte.

Sale of Russian business component

Key audit matter	How the scope of our audit responded to the key audit matter
As described in note 9 – Discontinued operation, in November 2022 the Group made a decision to sell the Russian component of the business in the form of a Management Buy-Out. This was structured as three transactions, two of them were executed in December 2022 and one was executed on 19 April 2023. As at 19 April 2023 the net loss from discontinued operations was EUR 1.8 million (31 December 2022: EUR 5.6 million), the assets classified as held for sale were EUR 515.6 million (31 December 2022: 546.6 million) and the liabilities directly associated with the assets classified as held for sale were EUR 510.3 million (31 December 2022: EUR 543.4 million). We considered the sale of the Russian business component to be significant to the audit because the Russian business component represented 25% of Group's Gross Rental Income and the transaction requires complex accounting treatment to be applied. This includes significant judgement by the Board of Directors with regard to classification of these transactions, probability of execution and presentation in the consolidated financial statements.	In auditing the sale of the Russian business component, we performed the following audit procedures: • We gained an understanding of the internal controls in place over the processes of financial reporting and significant transactions. • We assessed the classification of each transaction separately taking into consideration its nature and key terms and conditions of these transactions. • We critically evaluated the key judgements made by the Directors regarding the probability of the execution for the last transaction and their fair value considerations for the whole disposal group. • We involved internal specialists in accounting and methodology assessments due to their deep knowledge and experience in such complex accounting issues. • We verified the adequacy and completeness of the presentation in the consolidated financial statements and relevant disclosures (notes 2, 3, 4 and 9) including the verification of the mathematical accuracy of calculations and consistency. Based on the procedures performed above, we obtained sufficient audit evidence to address the risk of presentation and disclosure of sale of Russian business component.

Deloitte.

EPH European Property Holdings PLC
Report of the independent auditor
for the year ended
31 December 2023

Valuation of investment properties

Key audit matter	How the scope of our audit responded to the key audit matter
As described in note 4 – Investment properties, the carrying values of investment properties for the Group as at 31 December 2023 are EUR 784 million. The fair value adjustment recorded in net profit before tax in respect of investment properties for the Group amounted to EUR -115.7 million. We considered the valuation of the investment properties to be significant to the audit because the determination of fair value involves significant judgement by the Directors and the use of external valuation experts. Fair value is determined by external independent valuation specialists using valuation techniques such as a capitalised income value method (discounted cash flow method) since the subject property can be classified as income generating property. Valuation techniques for investment properties are subjective in nature and involve various key assumptions regarding pricing factors. These key assumptions include future rental cash inflows, capitalisation rates and discount rates. The use of different valuation techniques and assumptions could produce significantly different estimates of fair value. When possible, fair value is determined based on recent real estate transactions with similar characteristics and location of the valued properties. There is a risk that fair value of investment property is determined incorrectly given the complexity of the assumptions used in the valuation (e.g., rental rate or macroeconomic factors).	We performed the following procedures: • We gained an understanding of the internal controls in place over the valuation process of investment properties. • We involved internal valuation specialists to assist with the audit of the valuation of the investment properties (i.e., by verifying the validity of the methodology and its application as well as challenging the key assumptions) due to their experience and knowledge of the local markets. We assessed the key assumptions included in the valuation. • We evaluated the external specialist's independence, objectivity, qualification and the methodology used by them for the valuation. • We reconciled significant data like rent roll applied in the valuation model with supporting documentation and confirmed mathematical accuracy of the models. • We also verified the adequacy of disclosures of key assumptions. The disclosures on the fair value of investment properties are included in note 4 to the consolidated financial statements. Based on the procedures performed above, we obtained sufficient audit evidence to address the risk of incorrect valuation of investment properties.

Our application of materiality

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

We determined materiality for the group to be EUR 5,010,000 (2022: EUR 5,260,000), which is below 1% of equity (1% of equity in prior year).

We agreed with the Board of Directors that we would report to the Board all audit differences in excess of EUR 250,500 (2022: EUR 263,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board of Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. Based on that assessment, we focused our group audit scope primarily on the audit work at four locations. All of these were subject to a full audit. These four locations represent the principal business units and account for 100% (2022: 100%) of the group's net assets, 100% (2022: 100%) of the group's revenue and 100% (2022: 100%) of the group's profit before tax. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work at the four locations was executed at levels of materiality applicable to each individual entity which were lower than group materiality and ranged from EUR 3,250,000 to EUR 3,750,000 (2022: EUR 3,150,000 to EUR 3,940,000).

At the parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

Other Information

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

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

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

Deloitte.

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

Board of Directors' Responsibilities for the Consolidated Financial Statements

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

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

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

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

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

Deloitte AG

Marcel Meyer Auditor in Charge	Deborah Caldwell

Zürich, 26 April 2024

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

April 19, 2024

Assessment of Fair Value of the property Lassallestraße 1 in Vienna

Dear Ms. Bernhart,

based on our agreement (hereinafter "agreement" or "engagement letter") as of December 9, 2022, and the confirmation of order as of December 5, 2023, RAMSES Immobilien Gesellschaft m.b.H. & Co KG ("Ramses" or "you") has mandated PwC Advisory Services GmbH, Vienna to ascertain the Fair Value of the Property "Lassallestraße 1", Lassallestraße 1, 1020 Vienna, KG 01657 EZ 5914 as of December 31, 2023.

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

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

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

We have summarized the assumptions, estimations and conclusions made in our valuation, and our opinion of Fair Value of the Property in our Report dated April 19, 2024.

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

Eibisberger   M. Eicher

Gerald Eibisberger   Matthias Eicher

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

April 19, 2024

Assessment of Fair Value of the property QBC 1 in Vienna

Dear Ms. Bernhart,

based on our agreement (hereinafter "agreement" or "engagement letter") as of June 23, 2021 and the confirmation of order as of December 5, 2023, QBC Immobilien GmbH & Co Omega KG ("QBC" or "you") has mandated PwC Advisory Services GmbH, Vienna to ascertain the Fair Value of the Property "QBC1", 1100 Wien, KG 01101 Favoriten EZ 3758 as of December 31, 2023.

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

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

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

We have summarized the assumptions, estimations and conclusions made in our valuation, and our opinion of Fair Value of the Property in our Report dated April 19, 2024.

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

Eibisberger

Gerald Eibisberger

Matthias Eicher

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

April 19, 2024

Assessment of Fair Value of the property QBC 2 in Vienna

Dear Ms. Bernhart,

based on our agreement (hereinafter "agreement" or "engagement letter") as of June 23, 2021 and the confirmation of orders as of December 5, 2023, QBC Immobilien GmbH & Co Alpha KG ("QBC" or "you") has mandated PwC Advisory Services GmbH, Vienna to ascertain the Fair Value of the Property "QBC2", 1100 Wien, KG 01101 Favoriten, EZ 3632 as of December 31, 2023.

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

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

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

We have summarized the assumptions, estimations and conclusions made in our valuation, and our opinion of Fair Value of the Property in our Report dated April 19, 2024.

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

Gerald Eibisberger   Matthias Eicher

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

April 19, 2024

Assessment of Fair Value of the property QBC 4 in Vienna

Dear Ms. Bernhart,

based on our agreement (hereinafter “agreement” or “engagement letter”) as of November 22, 2021 and the confirmation of orders as of December 5, 2023, QBC Immobilien GmbH & Co Delta KG (“QBC” or “you”) has mandated PwC Advisory Services GmbH, Vienna to ascertain the Fair Value of the Property “QBC4”, Karl-Popper-Straße 4, 1100 Vienna, KG 01101 EZ 3667 as of December 31, 2023.

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

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

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

We have summarized the assumptions, estimations and conclusions made in our valuation, and our opinion of Fair Value of the Property in our Report dated April 19, 2024.

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

Gerald Eibisberger | Matthias Eicher

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

April 19, 2024

Assessment of Fair Value of the property QBC 7 in Vienna

Dear Ms. Bernhart,

based on our agreement (hereinafter "agreement" or "engagement letter") as of November 22, 2021 and the confirmation of orders as of December 5, 2023, QBC Immobilien GmbH & Co Zeta KG ("QBC" or "you") has mandated PwC Advisory Services GmbH, Vienna to ascertain the Fair Value of the Property "QBC7", 1100 Wien, KG 01101 Favoriten, EZ 3660 as of December 31, 2023.

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

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

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

We have summarized the assumptions, estimations and conclusions made in our valuation, and our opinion of Fair Value of the Property in our Report dated April 19, 2024.

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

Eibisberger

Gerald Eibisberger

Matthias Eicher

pwc

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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Kapelle-Ufer 4, 10117 Berlin

SG4 Dresden GmbH & Co. KG
Mr Adi Bikić and Mr Roman Brück
Friedrich-Ebert-Anlage 56
60325 Frankfurt am Main
Germany

9 April 2024
DKa/JSa

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

Dear Mr. Bikić, Dear Mr. Brück,

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

After the initial valuation, we provided regular bi-annual updates as of 30 June and 31 December of each year, and recently, you engaged us to update the Fair Value assessment of the subject property as of 31 December 2023.

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 29 February 2024.

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

Kadel ppa. Sacchi

Dirk Kadel Julia Sacchi

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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SA3 Media S.à r.l.
Ms. Carole Sassel and Mr. Fernand Sassel
7, route d´Esch
1470 Luxemburg
Luxemburg

9 April 2024
DKa/JSa

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

Dear Ms. Sassel, Dear Mr. Sassel,

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

After the initial valuation, we provided regular bi-annual updates as of 30 June and 31 December of each year, and recently, you engaged us to update the Fair Value assessment of the subject property as of 31 December 2023.

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 29 February 2024.

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

Kadel ppa. Sacchi

Dirk Kadel Julia Sacchi

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Kapelle-Ufer 4, 10117 Berlin

WLC Hamburg GmbH
Mr Adi Bikić and Mr Roman Brück
Friedrich-Ebert-Anlage 56
60325 Frankfurt

9 April 2024
DKa/JSa

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

Dear Mr Bikić, Dear Mr Brück,

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

After the initial valuation, we provided regular bi-annual updates as of 30 June and 31 December of each year, and recently, you engaged us to update the Fair Value assessment of the subject property as of 31 December 2023.

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

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

We have summarized the assumptions, estimations and conclusions made in our valuation, and our opinion of Fair Value of the Property in our Report dated 29 February 2024.

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 Kadel　　　Julia Sacchi

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Kapelle-Ufer 4, 10117 Berlin

City Gate Stuttgart GmbH
Mr Adi Bikić and Mr Roman Brück
Friedrich-Ebert-Anlage 56
60325 Frankfurt

9 April 2024
DKa/JSa

Assessment of Fair Value of the property City Gate Stuttgart

Dear Mr. Bikić, Dear Mr. Brück,

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

After the initial valuation, we provided regular bi-annual updates as of 30 June and 31 December of each year, and recently, you engaged us to update the Fair Value assessment of the subject property as of 31 December 2023.

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 29 February 2024.

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

Kadel

ppa. Sacchi

Dirk Kadel

Julia Sacchi


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FINANCIAL REPORT

in EUR	Note *	31.12.2023	31.12.2022
Assets			
Non-current assets			
Investment properties	4	783,672,437	895,119,207
Goodwill	7	23,516,444	23,952,472
Loans and accounts receivable	6	74,412,609	42,985,326
Deferred tax assets	18	5,005,796	25,264
Furniture and equipment		9,276	12,071
Total non-current assets		**886,616,562**	**962,094,340**
Current assets			
Accounts receivable	6	5,316,023	4,634,134
Prepayments		812,735	304,655
Prepaid taxes		410,205	2,564,491
Cash & cash equivalents	8	80,066,732	190,161,794
		86,605,695	**197,665,074**
Assets classified as held for sale	9	–	546,550,309
Total current assets		**86,605,695**	**744,215,383**
Total assets		**973,222,257**	**1,706,309,723**
Liabilities			
Non-current liabilities			
Borrowings	10	269,574,287	343,885,954
Deferred tax liabilities	18	26,414,181	36,117,580
Other non-current liabilities	11	1,906,886	1,383,206
Total non-current liabilities		**297,895,354**	**381,386,740**
Current liabilities			
Accounts payable and accrued expenses	11	2,412,609	4,950,067
Advances received		427,421	262,362
Taxes payable		1,425,688	737,788
Borrowings	10	170,119,074	248,999,441
		174,384,792	**254,949,658**
Liabilities directly associated with assets classified as held for sale	9	–	543,408,809
Total current liabilities		**174,384,792**	**798,358,467**
Equity	**20**		
Share capital		13,400,390	13,400,390
Share premium		668,715,693	668,715,693
Treasury shares		– 2,375,899	– 2,295,952
Accumulated deficit		– 187,327,080	– 27,073,120
Other reserves		– 137,632	– 28,383
Cumulative translation adjustment		753,876	– 136,101,939
Shareholders' equity attributable to the holders of the Company		**493,029,348**	**516,616,689**
Non-controlling interest		7,912,763	9,947,827
Total equity		**500,942,111**	**526,564,516**
Total equity and liabilities		**973,222,257**	**1,706,309,723**
Number of shares outstanding		14,316,390	14,319,457
Net asset value per share		34.44	36.08

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

in EUR	Note *	for the year ended 31.12.2023	31.12.2022
Continuing operations			
Rental income	**12**		
Gross rental income		33,985,311	27,532,182
Service charge income		10,461,708	6,406,637
Property operating and maintenance expenses		– 11,850,508	– 8,005,010
Net rental income		**32,596,511**	**25,933,809**
Management fees	21	– 1,671,074	– 1,579,975
Administrative expenses	13	– 3,283,324	– 2,703,935
Release of impairment allowance/(impairment allowance) for loans and receivables	6	10,622,645	– 22,603,519
Other income	14	2,554,623	1,124,002
Other expenses	15	– 1,207,728	– 235,712
Revaluation of investment properties	4	– 115,726,518	29,679,933
Net operating (loss)/profit		**– 76,114,865**	**29,614,603**
Finance income	16	20,762,235	148,400
Finance cost	17	– 15,277,751	– 16,341,003
Net foreign exchange loss		– 1,742,696	– 5,833,013
(Loss)/profit before tax		**– 72,373,077**	**7,588,987**
Income taxes	18	13,340,561	– 3,597,530
Net (loss)/profit from continuing operations		**– 59,032,516**	**3,991,457**
Net (loss)/profit from discountinued operations (attributable to equity holders of the Company)	9	– 103,266,531	3,129,044
Total (loss)/profit for the year		**– 162,299,047**	**7,120,501**
Attributable to:			
Equity holders of the Company		– 160,253,960	6,685,448
Non-controlling interest		– 2,045,087	435,053
Earnings per share for (loss)/profit from continuing operations attributable to equity holders of the Company during the period			
Weighted average number of outstanding shares		14,317,616	14,321,074
Basic and diluted**	19	– 3.98	0.25

* The Notes are an integral part of these Consolidated Financial Statements.
** The comparative figures were restated to disclose the earning per share from continuing operations.

		for the year ended	
in EUR	Note*	31.12.2023	31.12.2022
Net (loss)/ profit for the period		**– 162,299,047**	**7,120,501**
Other comprehensive gain/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of financial assets at fair value through other comprehensive income		– 93,190	– 472,534
(Loss)/gain on currency translation differences		– 25,888,127	31,920,706
Income tax relating to these items		– 6,036	1,156
Net other comprehensive (loss)/gain that may be reclassified subsequently to profit or loss		– 25,987,353	31,449,328
Currency translation differences reclassified to profit or loss upon disposal of discontinued operations	9	162,743,942	13,647,698
Total comprehensive (loss)/gain for the period		**– 25,542,458**	**52,217,527**
Attributable to:			
Equity holders of the Company		– 23,507,394	51,830,084
Non-controlling interest		– 2,035,064	387,443

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

in EUR	Share capital	Share premium	Treasury shares	Accumulated deficit
Balance as at 01.01.2022	**12,719,786**	**669,396,297**	**– 2,135,976**	**– 33,758,568**
Net profit for the period	–	–	–	6,685,448
Other comprehensive gain/(loss)	–	–	–	–
Total comprehensive gain/(loss) for the period	–	–	–	6,685,448
Acquisition of treasury shares, net of sale (acquired 160.316 EUR, sold 340 EUR)	–	–	– 159,976	–
Change of the denomination of registered share capital from US$ to EUR	680,604	– 680,604	–	–
Balance as at 31.12.2022	**13,400,390**	**668,715,693**	**– 2,295,952**	**– 27,073,120**
Net loss for the period	–	–	–	– 160,253,960
Other comprehensive gain/(loss)	–	–	–	–
Total comprehensive gain/(loss) for the period	–	–	–	– 160,253,960
Acquisition of treasury shares, net of sale (acquired 88.966 EUR, sold 9.019 EUR)	–	–	– 79,947	–
Balance as at 31.12.2023	**13,400,390**	**668,715,693**	**– 2,375,899**	**– 187,327,080**

Other reserves	Cumulative translation adjustment	Shareholders' equity attributable to the holders of the Company	Non-controlling interest	Total equity
395,385	**– 181,670,343**	**464,946,581**	**9,560,384**	**474,506,965**
	–	6,685,448	435,053	7,120,501
– 423,768	45,568,404	45,144,636	– 47,610	45,097,026
– 423,768	45,568,404	51,830,084	387,443	52,217,527
	–	– 159,976	–	– 159,976
	–	–	–	–
– 28,383	**– 136,101,939**	**516,616,689**	**9,947,827**	**526,564,516**
–	–	– 160,253,960	– 2,045,087	– 162,299,047
– 109,249	136,855,815	136,746,566	10,023	136,756,589
– 109,249	136,855,815	– 23,507,394	– 2,035,064	– 25,542,458
–	–	– 79,947	–	– 79,947
– 137,632	**753,876**	**493,029,348**	**7,912,763**	**500,942,111**

		for the year ended	
in EUR	Note *	31.12.2023	31.12.2022
Cash flows from operating activities			
Net (loss)/profit for the period		– 162,299,047	7,120,501
Net foreign exchange loss		29,024,439	1,977,689
Revaluation of investment properties	4	89,909,698	19,306,472
(Release of impairment allowance)/impairment allowance for loans and receivables	6	– 10,622,645	22,603,519
Impairment of goodwill	7	436,028	–
Other non-cash expenses		144,073	481,908
Release of impairment allowance for Eurobonds		– 88,533	– 136,823
Loss incurred on / (gain arising from) sale of subsidiary	9	101,453,432	– 8,955,820
Depreciation		3,081	9,726
Gain on early termination of interest rate SWAP	16	– 18,211,782	–
Interest income	16	– 2,728,831	– 1,347,797
Finance costs	15	18,672,717	28,586,750
Other income related to acquisitions of properties in prior periods	14	– 2,171,625	– 43,382
Income tax (benefit)/expense	18	– 6,164,719	– 1,988,284
Cash generated from operations before movements in working capital		**37,356,286**	**67,614,459**
Movements in working capital			
(Decrease)/increase in accounts payable and other liabilities		– 642,482	2,385,556
Decrease in accounts receivable and other receivables		1,267,199	2,928,436
Decrease in inventory		–	2,239,976
Cash generated from operations		**37,981,003**	**75,168,427**
Interest income received		1,930,634	51,974
Income tax paid		– 2,643,076	– 10,328,375
Net cash generated from operating activities		**37,268,561**	**64,892,026**
Cash flows from investing activities			
Purchases of investment properties		– 2,219,889	– 25,008,821
Repayments of loans given	6	31,448,228	–
Release of funds from Escrow accounts		–	1,578,463
Disposal of subsidiary	9	– 6,588,900	– 4,049,974
Borrowing costs	4	–	– 2,406,932
Placement of cash deposits with banks (over 3 months)	6	– 2,200,000	–
Loans granted		– 1,335,647	–
Net cash generated from/ (used in) investing activities		**19,103,792**	**– 29,887,264**
Cash flows from financing activities			
Interest paid	10	– 17,480,793	– 26,739,334
Proceeds from borrowings	10	3,735,517	103,000,000
Repayment of borrowings	10	– 181,305,271	– 825,000
Proceeds from early termination of interest rate SWAP	16	18,211,782	–
Proceeds from sale of treasury shares		9,019	341
Acquisition of treasury shares		– 88,966	– 160,316
Bank fee for early termination of loan	17	– 790,000	–
Net cash (used in)/ generated from financing activities		**– 177,708,712**	**75,275,691**
Net change in cash & cash equivalents		**– 121,336,359**	**110,280,453**
Cash & cash equivalents at the beginning of the period		202,563,857	97,739,881
Net (loss)/gain from foreign currency translation		– 1,160,870	– 5,456,477
Cash & cash equivalents at the end of the period	**8**	**80,066,628**	**202,563,857**

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

Notes to the statement of cash flow

1. Cash flows above include both continued and discontinued operations. Disclosure of cash flows of discontinued operations is given in Note 9.2
2. Non-cash transactions: Changes in liabilities arising from financing activities, including non-cash transactions, are disclosed in Note 10.4. Changes in financial assets arising from investing activities, including non-cash transactions, are disclosed in Notes 6.1 and 6.2. In the reporting period, the Group made a set off of some accounts payable against accounts receivable. Refer to Note 11 for details.
3. Classification of interest paid: The Group classifies paid interest, recognized as expense in the statement of profit or loss, as financing activity (interest paid) and paid interest, capitalized in the cost of investment property, as investing activity (borrowing cost).

1. CORPORATE INFORMATION

EPH European Property Holdings PLC (former “EPH European Property Holdings Limited” (26 June 2020 – 7 February 2022) and “Eastern Property Holdings Ltd.” (from foundation up to June 2020)) (the “Company”, “EPH”) is a limited liability company incorporated and domiciled in Cyprus (before 7 February 2022, in British Virgin Islands) whose shares are publicly traded on the SIX Swiss Exchange. The registered office is located at Monis Machaira 18, Office 101, 3020 Limassol, Cyprus. The consolidated financial statements of EPH European Property Holdings PLC and its subsidiaries (together the “Group”) for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 23 April 2024.

The principal activities of the Group are described in Note 3.

The Company was founded in 2003 with the intention to invest in the Russian real estate market. In 2016, EPH acquired its first property outside Russia. In the following years, the company continued its westward expansion and strengthened its real estate portfolio through further acquisitions in Germany and Austria. In June 2020, the Company changed its name to EPH European Property Holdings to underline its geographic shift and its intensive expansion phase across European real estate markets. On 7 February 2022, the Company re-domiciled to Cyprus as EPH European Property Holdings PLC.

On 19 April 2023, the Company sold its Russian portfolio to the Russian management of the Group. After sale, the Group continues to build up its presence in the Western Europe. On 16 January 2024, the Group acquired the 5-star hotel Trois Couronnes in the town of Vevey, one of the main centers of the Swiss Riviera (refer to Note 24.1). Apart from the acquisition of the historic hotel property, EPH acquired the hotel operations with approximately 70 full-time employees. Moreover, it is not only the acquisition of an operative business but the strategic decision to expand the portfolio with a value-add property which is planned to be redeveloped in the coming years.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

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

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and some categories of financial assets and liabilities.
The consolidated financial statements are presented in Euro ("EUR").

2.2 Going concern basis

The consolidated financial statements have been prepared on a going concern basis.

The Group incurred a loss of EUR 162.30 million for the year ended 31 December 2023 and, as of that date, the Group's current liabilities exceeded its current assets by EUR 87.78 million. The loss incurred is mainly attributable to the reclassification of the cumulative loss on exchange differences of EUR 162.74 million and negative fair value adjustment for investment property of EUR 115.73 million.

Reclassification of the cumulative loss on exchange differences relates to the disposal group. It had been accumulated in the separate component of equity ('Cumulative translation adjustment'). Upon completion of the sale of disposal group in the reporting period (refer to Note 10.4.), it was reclassified from equity to profit or loss statement.

Negative correction of the fair value of the investment property reflected expectations of the market participants for the growth in cost of capital.

The shortage in the current ratio is primarily caused by the classification of the bonds issued by the Company in prior years for the amount of EUR 167.43 million as a current part of the liabilities, as they become due for payment in May 2024: EUR 122.18 million (ISIN CH1177348302) and December 2024: EUR 45.25 million (ISIN CH1177348310). The management of the Company is currently considering different options to improve the financial situation and the liquidity. The preferable scenario is extension of the bond terms. On 12 April the Company has, therefore, suggested to the holders of the bonds ISIN CH1177348302 to amend certain terms of such bonds: a) replacement of the current interest rate of 2.25% p.a. with an interest rate of 3.5% p.a. and b) a term prolongation of 5 years of the bonds until 31 May 2029. The bondholders are requested to consent or reject the suggested amendments until 13th May 2024. Management is positive that the bond holders might agree to an extension for another five years subject to an attractive interest rate. In respect of the EUR 122.18 million, all bond holding banks have confirmed that their clients are in general agreeing to the extension of the term.

In the event that no agreement is reached with the bondholders, the remaining liquidity gap can be potentially covered by attracting a bank loan for unleveraged assets, issuing additional shares or through some other possibilities including utilization of rental revenue cash flows and repayments of loans and receivables provided to the former Russian segment (Note 6.1). Considering the high quality and performance of the European portfolio and successful experience in the past, the management is confident that the Group will be able to meet its obligations as they fall due and to continue as a going concern. Based on these grounds, the financial statements are prepared on a going concern basis.

2. 3 Basis of consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of the Group as of 31 December 2023. Control over subsidiaries is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, it has:

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

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

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

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

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

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

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

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

2.4 Functional and presentation currency

The functional currency of the Company, from 1 January 2022, is Euro ("EUR"). The functional currency of the Group's subsidiaries is Euro ("EUR"). Russia domiciled subsidiaries, that were sold in April 2023 (Note 9), had the Russian Ruble ("RUB") as a functional currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in EUR.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or valuation where items valued at fair value are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the consolidated statement of profit or loss.
The Group uses the following official rates of exchange, as determined by the Swiss National Bank (for 1 EUR):

	31.12.2023	19.04.2023		31.12.2022	
	US$	RUB	US$	RUB	US$
closing rate	1.1048	89.2548	1.0988	77.7755	1.0656
average rate	1.0828	82.0266	1.0827	70.0477	1.0509

The rates as of 19.04.2023, presented above, were used for translation of the results and financial position of the disposal group, accounted for in functional currency RUB, for the period from 1 January 2023 till the date of disposal 19 April 2023 and at this date.

Translation of consolidated financial statements

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

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

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

2.5 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.5.1 New and Amended standards and interpretations

New standards, amendments and improvements to standards set out below became effective 1 January 2023 and did not have any impact or did not have a material impact on the Group's financial statements, if not indicated other:

- IFRS 17 Insurance contracts. It is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects.

- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policy. See separate sub-section below.
- Amendments to IAS 8 – Definition of Accounting Estimates. The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If an entity previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.
- Effective from 23 May 2023 International Tax Reform – Pillar Two model rules – Amendments to IAS 12. EPH Group is not in scope of Pillar Two model rules as its revenue is less than EUR 750 million/a year.

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of accounting policy

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. Based on its judgement, management of the Group revisited the accounting policy information disclosure and considered whether standardized information, or information that only duplicates or summarizes the requirements of IFRSs is material information and, if not, whether it should be removed from the accounting policy disclosures to enhance usefulness of the financial statements. The accounting policies disclosed in these financial statements are considered material, based on the management judgement and consideration of the specific circumstances of the Group.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

Except for the amendments to IAS 1 and IFRS Practice Statement 2, management of the Group do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

Standards issued but not yet effective

In 2023, 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:

- Amendments to IAS 1: Classification of Liabilities as Current and Non-current; Non-current Liabilities with Covenants, effective 1 January 2024;
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback, effective 1 January 2024;
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements, effective 1 January 2024;
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, effective 1 January 2024;
- IFRS S2 Climate-related Disclosures, effective 1 January 2024;
- Amendments to IAS 21: Lack of Exchangeability, effective 1 January 2025;
- IFRS 18: Presentation and Disclosure in Financial Statements, effective 1 January 2027.

2.5.2 Changes in presentation and respective adjustments to comparative financial information

In prior periods, the Group presented restricted for immediate use cash deposits in line Cash and cash equivalents in the statement of financial position. As of 31 December 2023, these items are disaggregated from line Cash and cash equivalents and presented in line Loans and accounts receivable in non-current assets and line Accounts receivable in current assets sub-sections in the statement of financial position. Respective adjustments are made to comparative financial information in statement of financial position, statement of cash flows, as summarized below, and corresponding disclosure notes.

1) Statement of financial position

in EUR	31.12.2022		
	before presentation adjustment	presentation adjustment	after presentation adjustment
Assets			
Non-current assets			
Loans and accounts receivable	41,987,170	998,156	42,985,326
Current assets			–
Accounts receivable	4,500,563	133,571	4,634,134
Cash & cash equivalents	191,293,521	– 1,131,727	190,161,794

2) Statement of cash flows

in EUR	for the year ended 31.12.2022		
	before presentation adjustment	presentation adjustment	after presentation adjustment
Cash flows from operating activities			
Movements in working capital			
Decrease in accounts receivable and other receivables	2,920,352	8,084	2,928,436
Release from restricted cash of tenant deposits	8,084	– 8,084	–

2.5.3 Restatement of Earnings per share in comparative financial information

In the Group's financial statement for the year ended 31 December 2022, the Group erroneously did not provide separate information on earnings per share for continuing and discontinued operations but presented total earnings per share on the face of the profit or loss statement and in relevant disclosure note on Earnings per share. In the financial statement for the year ended 31 December 2023, comparative information for 2022 year was restated and adjusted as follows:

– In the statement of profit or loss, total Earnings per share of the Group for the year, basic and diluted (EUR 0.47) was replaced by Earnings per share from continuing operations, basic and diluted (EUR 0.25);
– In Note 19, the Group added comparative information on Earnings per share for continuing and discontinued operations, basic and diluted (EUR 0.25 and EUR 0.22 respectively).

2.5.4 Restatement of the result of disposal of discontinued operations reported in the interim condensed consolidated financial statements for six months ended 30 June 2023

In the interim condensed consolidated financial statements for six months ended 30 June 2023, loss on fair value adjustment of the former intercompany interest-free receivables from the disposal group was presented in the continuing operations (line Fair value adjustment on financial instruments of the consolidated statement of profit or loss) for the amount EUR 6,273,690, based on the consideration that it was incurred by the parent Company and, as such, should be reflected in the performance results of the continuing operations. The management revisited this approach at finalization of these annual consolidated financial statements to ensure that it provides fair representation of the transaction. The management came into conclusion that presentation of the fair value adjustment in the discontinued operations gives better understanding of the transaction outcome from the perspective of the consolidated accounts. The former inter-company receivable came into existence in the consolidated accounts for the first time on disposal of the subsidiary and forms in effect part of the consideration as the new owners have accepted the liability to the former owners. Respectively, fair value adjustment to the consideration receivable must be taken into account in the result of the disposal and, as a consequence, presented in the discontinued operations. Refer for detail of the transaction to Note 9.4.

As a result, fair value adjustment for the amount EUR 6,273,690 was reclassified from line Fair value adjustment on financial instruments of the consolidated statement of profit or loss (as presented in the interim accounts for six month ended 30 June 2023) to line Net loss from discontinued operations (attributable to equity holders of the Company). After adjustment, Net loss from discontinued operations increased for EUR 6,273,690 in comparison to the Net loss reported for six months ended 30 June 2023.

Respective amendments were made in disclosure of the disposal of the discontinued operations in Note 9.4.

2.6 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Although management believes that the assumption and estimates used in these consolidated financial statements are appropriate, any unforeseeable changes in these assumptions could impact the net assets, financial position and results of operations.

2.6.1 Critical judgements in applying accounting policies

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

Property lease classification - the Group as a Lessor

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

2.6.2 Critical estimates and assumptions

Valuation of Investment property

Refer to Note 5.

Expected credit loss for loans and receivables from the former Russian segment

Expected credit loss is defined as weighted average of credit losses with the respective risks of a default occurring as the weights. A credit loss is defined as the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). An entity shall estimate cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument. The cash flows that are considered shall include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. There is a presumption that the expected life of a financial instrument can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the expected life of a financial instrument, the entity shall use the remaining contractual term of the financial instrument. The standard IFRS 9, that regulates accounting for impairment of financial assets, provides only a general definition of ECL and does not require a concrete methodology for calculating ECL to be applied in practice. The most common approach is to calculate ECL as the sum of the marginal future expected losses in each period following the reporting date. Future losses are estimated using Probability of Default (PD), Loss Given Default (LGD) and Exposure at default (EAD). This approach allows to leverage existing models and risk parameters, as PD, EAD and LGD are commonly used for risk management and for other regulatory requirements (IRB). For financial instruments for which there is insufficient information to calculate the probability of default, calculation of ECL directly based on the discounted cash flow method may be more applicable. For the loans and receivables from the former Russian segment, information to calculate PD is not sufficient, as there is no historical data on defaults of similar instruments, on the base of which the probability of default could be calculated. Therefore, the discounted cash flow method was applied to calculate ECL, because the Company has information about forecasted cash flows. Final ECL is determined as the probability-weighted average of ECLs calculated for two alternatively possible basic scenarios and several stress-test scenarios that take into account both positive and negative changes in the basic scenarios. Basic scenarios are given 50% in total; negative and positive scenarios are given by 25% evenly.

Credit risk at the reporting date was determined at stage 2 due to the latest macroeconimic developments in Russia, including depreciation of RUB; increase in discount rate of the Central bank; growth of the national budget deficit; unclear prospects of the conflict in Ukraine. Estimated credit loss allowance for a financial instrument at this stage is equal to lifetime expected credit losses and amounts to EUR 11.98 million as of 31 December 2023 (31 December 2022: EUR 22.60 million). Had the weight of the negative scenarios been higher/lower by 20%, ECL would have been greater/lower by EUR 0.48 million. Consequently, the Group would have recognized additionally (loss)/gain on impairment allowance for EUR 0.48 million. Detailed information on loans and receivables is given in Note 6.1.

Taxes

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

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

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

2.7 Summary of significant accounting policies

2.7.1 Investment property

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

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions incurred to ensure that the property is operational. The carrying amount also includes the costs for replacing parts of an existing Investment property at the time when the cost is incurred if the recognition criteria are met. Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the consolidated statement of profit or loss in the year in which they arise. Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the consolidated statement of profit or loss in the year of retirement or disposal. Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset.

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

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

The external appraisal specialists have been commissioned by the Group to perform valuations of its real estate holdings. The results of the valuations have been reviewed and approved by the Board of Directors as representing the fair values at the reporting date.

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

Investment property and other assets directly associated with disposal group is transferred to non-current assets held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such property and its sale must be highly probable.

Disposal group is measured at the lower of its carrying amount and fair value less costs to sell. Assets and liabilities constituting disposal group are presented separately as current items in the statement of financial position. On reclassification, investment property that is measured at fair value continues to be so measured.

2.7.3 Property acquisition and business combinations

Where a property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity to determine whether the acquisition represents the acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which substantive processes are acquired.

If acquired set of activities does not have an output (i.e. revenue), the process (or group of processes) is substantive only if:

– it is critical to the ability to develop or convert an acquired input or inputs into outputs; and
– the inputs acquired include both an organised workforce that has the necessary skills, knowledge, or experience to perform that process (or group of processes) and other inputs that the organised workforce could develop or convert into outputs.

If acquired set of activities has an output, the process (or group of processes) shall be considered substantive if, when applied to an acquired input or inputs, it:

– is critical to the ability to continue producing outputs, and the inputs ac quired include an organised workforce with the necessary skills, knowledge, or experience to perform that process; or
– significantly contributes to the ability to continue producing outputs and:
    - is considered unique or scarce; or
    - cannot be replaced without significant cost, effort, or delay in the abil- ity to continue producing outputs.

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

2.7.3.1 Business combinations and goodwill

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

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

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

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

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

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

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

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

2.7.4 Financial assets

Classification

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

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

The Group has following categories of financial assets under this business model:

– Loans which have been provided to the former subsidiaries that was disposed in the reporting period;
– Receivables result from transactions that are within scope of IFRS 16 Leases (collectible on rental revenue), IFRS 15 Revenue from Contracts with Customers (collectibles on service charge fee and sales of properties) and IFRS 9 (receivables on deferred consideration on disposal of the the former subsidiaries, held-to-maturity bank deposits with maturity over 3 months and cash on bank accounts restricted for use for different reasons);
– Cash and cash equivalents that include cash in-hand, cash at bank and in transit between bank accounts, short-term deposits with an original maturity of three months or less. Bank overdrafts are shown separately in the current liabilities on the statement of financial position. These items are accounted for in accordance with IFRS 9.

The Group's financial assets are classified as financial assets subsequently measured at fair value through other comprehensive income ("FVOCI)" if both of the following conditions are met based on the following criteria:

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

The Group has Eurobonds of third parties that meet the criteria and are measured at FVOCI.

Recognition and derecognition

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

Measurement

At initial recognition, the group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequently, receivables and cash and cash equivalents are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss in the consolidated statement of profit or loss and presented in other income or expense. Impairment losses are presented as separate line item in Profit or loss in the consolidated statement of profit or loss. The group recognizes the changes in the fair value of Eurobonds in Other comprehensive income. These changes are accumulated within the Other reserve within equity. The group transfers amounts from this reserve to retained earnings when the relevant asset is derecognised.
Cash flows from interest income received are classified as operating activity in the consolidated statement of cash flows.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For receivables resulting from transactions in the scope of IFRS 15 and IFRS 16, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. These receivables have been determined to have low credit risk (refer to Note 23). Methodology for building an estimate for the expected credit losses on loans and receivables from the former Russian segment is decribed in detail in Note 2.6.2.

For Eurobonds, the Group generally assumes that fair value (market price) at the reporting period correctly reflects credit risk of the asset. Management measures the loss allowance for specific Eurobonds at an amount equal to the lifetime expected credit losses, if management identified that the credit risk on them has increased significantly since initial recognition. The impairment allowance for Eurobonds is recognised in profit or loss (in aggregate with other items in line 'Other expenses' ('Other income' for release of the impairment allowance) or as a separate line 'Impairment allowance', depending on materiality of the amount) and reduces the fair value loss otherwise recognised in other comprehensive income. The impairment allowance does not reduce the carrying amount of the asset in the statement of financial position.

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

2.7.5 Financial liabilities

Classification, initial recognition and measurement

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

At the date of recognition, financial liabilities are irrevocably designated as measured at FVTPL if it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. All Group's financial liabilities meet criteria for being accounted for as subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisi- tion and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss. Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Derecognition

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

Classification of interest expense in the statement of cash flows

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

2.7.6 Current income tax

Current Income Tax Assets and Liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals, internal and external, supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

2.7.7 Deferred income tax

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

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

Deferred Income Tax Assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. In determining the expected manner of realisation of an investment property measured at fair value, a rebuttable presumption exists that its carrying amount will be recovered through the sale. Deferred Income Tax Assets and Liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.7.8 Leases

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

Group as a Lessee

The operations in which the Group acts as a lessee are insignificant.

Group as a Lessor

Refer to accounting policies on rental income in Note 2.7.9.

Rent receivables

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

Tenant deposits

Tenant deposits are initially recognised at fair value and subsequently measured at amortised cost. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term. Refer also to accounting policies on financial liabilities in Note 2.7.5.

2.7.9 Revenue recognition

The Group's key sources of income include:

– Rental income;
– Services to tenants including management charges and other expenses recoverable from tenants.

The accounting for each of these elements is discussed below.

Rental income

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise that option. The initial direct costs and tenant lease incentives are presented in the line item ‘Investment property’ in the statement of financial position. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized as gain or loss, respectively, in the statement of profit or loss when the right to receive them arises.

Revenue from services to tenants

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

2.7.10 Other income and expense

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

2.7.11 Dividend distribution

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

3. SEGMENT INFORMATION

The Chief Operating Decision Maker of the Group has been identified as the Management Committee, which has been given responsibility for allocating the Group's resources between its various assets.

3.1 Operating segments

An operating segment is a part of the Group that conducts operations from which it can generate revenues and incur costs and for which independent financial information is available. The division into operating segments is based on the parts of the operations that are followed up by the Management Committee, also known as a management approach. An operating segment is followed up by the company's Chief Operating Decision Maker in order to evaluate the earnings and be able to allocate resources to it. Operating profit is the earnings measurement against which the follow-up is conducted. The operating segments' earnings, assets and liabilities include directly attributable items as well as items that can be allocated in a reasonable and reliable manner. Unallocated costs, if any, relate to Group-wide functions.

In 2023, after disposal of the Russian subsidiaries and completion of refurbishment of LASS 1, the management identified one operating segment, "Rental Properties". In 2022, the Russian operations, in addition to "Rental Properties", included "Residential Properties for Sale" segment that consisted of the operations of subsidiary Redhill. Before completion of refurbishment at the end of 2022, LASS 1 property was considered as "Rental Property under Construction" segment. Respectively, the operations of these two segments are present in the comparative information for the year 2022, whereas their balances are either reclassified to "Rental Properties" or nil (Redhill).

In the prior Group's financial statements, all other business activities (mainly unallocated corporate income and costs) and non-reportable business segments were combined and disclosed as "Other segments" category. In the current financial statements, these operations are allocated to "Rental Properties" segment, as there are no other segments in the period. The information for the prior period was restated such that the balances and operations of "Other segments" category were reclassified to "Rental Properties" segment, since the balances and operations that could have been allocated to the other segments were insignificant. Description of the operating segments is given below.

2023 and 2022

1. "Rental Properties" consist of:

- 94% of two commercial properties City Gate in Stuttgart and Work Life Center in Hamburg, 89.9% of commercial property STRAL 3 in Berlin and 100% of commercial property SALZ 4 in Dresden;
- 100% of the commercial properties QBC 4, QBC 1,2,7, LASS 1 in Vienna. LASS 1 is reclassified to the segment upon completion of refurbishment in 2022 and start of revenues. Official commissioning took place at the beginning of 2023;
- 100% of six commercial properties in Moscow: Berlin House, Geneva House, Polar Lights, Hermitage Plaza, retail areas of Arbat Multi-Use Complexes and Magistal'naya. The properties constituted disposal group as of 31 December 2022 (refer to Note 9).

Rental Properties generate rental income and incur expenses primarily for maintenance and building operations. They are predominantly comprised of office space or hotel space (STRAL3 and SALZ 4), though most of them have space dedicated to retail. The Rental Properties segment generates product or service-based recurring revenues by providing commercial premises, for which rental income is received.

Generally, gross and net rents for the Segment are reflected as such in both the consolidated statement of profit or loss and accounts presented by segment.

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

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

2022

2. "Rental Property under Construction"

As of 31 December 2021, the segment comprised of commercial property under construction LASS 1 in Vienna. In 2022, upon completion of construction and start of leases at the end of the year the asset was reclassified to "Rental Properties" segment. Operations presented in the segment for the year 2022, relate to the period before reclassification.

3. "Residential Properties for Sale"

As of 31 December 2021, the segment consisted of 100% of owned by the Group residential areas of two Arbat Multi-use Complexes in Moscow. The Group disposed of the properties in December 2022 (refer to Note 9).

3.2 Revenues of the segments

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

	for the year ended 31.12.2023		
in EUR	Rental properties	Reconciliation adjustment: reclassification of discontinued operation	Total
Gross rental income	45,286,071	– 11,300,760	33,985,311
Other rental expenses	– 2,049,322	660,522	– 1,388,800
Net rental income	43,236,749	– 10,640,238	32,596,511
Finance income	20,940,613	– 178,378	20,762,235
Net foreign exchange loss	– 29,024,439	27,281,743	– 1,742,696
Revaluation of investment properties	– 89,909,698	– 25,816,820	– 115,726,518
Finance costs	– 18,672,717	3,394,966	– 15,277,751
Net loss from sale of subsidiaries	– 101,453,432	101,453,432	–
Income tax expense	6,164,719	7,175,842	13,340,561
Other income, net of expenses	6,419,158	595,984	7,015,142
Net loss from discontinued operations	–	– 103,266,531	– 103,266,531
Net profit/ (loss) for the period	**– 162,299,047**	**–**	**– 162,299,047**

	for the year ended 31.12.2022				
in EUR	Rental properties	Rental properties under construction	Residential properties for sale	Reconciliation adjustment: reclassification of discontinued operation	Total
Gross rental income	74,076,661	–	–	– 46,544,479	27,532,182
Other rental expenses	– 3,577,698	–	–	1,979,325	– 1,598,373
Net rental income	70,498,963	–	–	– 44,565,154	25,933,809
Sales of properties	–	–	3,009,072	– 3,009,072	–
Net gain arising from the sales of properties	–	–	769,096	– 769,096	–
Interest income	1,071,643	–	275,329	– 1,198,572	148,400
Net foreign exchange loss	– 1,955,994	–	– 21,693	– 3,855,325	– 5,833,012
Revaluation of investment properties	– 19,306,470	–	–	48,986,403	29,679,933
Finance costs	– 27,069,876	– 39,829	– 1,523,287	12,291,989	– 16,341,003
Net gain from sale of subsidiaries	–	–	8,955,820	– 8,955,820	–
Income tax expense	1,864,093	–	124,190	– 5,585,813	– 3,597,530
Other expenses	– 23,712,335	– 105,553	– 2,703,596	522,344	– 25,999,140
Net profit from discontinued operations	–	–	–	3,129,044	3,129,044
Net profit/ (loss) for the period	**1,390,024**	**– 145,382**	**5,875,859**	**–**	**7,120,501**

3.3 Assets and liabilities of the segments

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

	Assets and liabilities valuation as of 31.12.2023	
in EUR	Rental Properties	Total
Investment properties	783,672,437	783,672,437
Goodwill	23,516,444	23,516,444
Cash & cash equivalents	80,066,732	80,066,732
Other Assets	85,966,644	85,966,644
Total Assets	**973,222,257**	**973,222,257**
Total Liabilities	**472,280,146**	**472,280,146**

	Assets and liabilities valuation as of 31.12.2022		
in EUR	Rental Properties	Reconciliation adjustment: reclassification of disposal group	Total
Investment properties	1,382,115,509	– 486,996,302	895,119,207
Goodwill	66,763,368	– 42,810,896	23,952,472
Cash & cash equivalents	202,564,287	– 12,402,493	190,161,794
Other Assets	54,866,559	– 4,340,618	50,525,941
Assets classified as held for sale	–	546,550,309	546,550,309
Total Assets	**1,706,309,723**	**–**	**1,706,309,723**
Total Liabilities	**1,179,745,207**	**–**	**1,179,745,207**

3.4 Geographical information

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

in EUR	Russia	Germany	Austria	Reclassification of segment Russia	Total
For the year ended 31.12.2023					
Gross rental income	11,300,760	15,124,753	18,860,558	– 11,300,760	33,985,311
Net rental income	10,640,238	14,081,848	18,514,663	– 10,640,238	32,596,511
Revenues of discontinued operations				10,640,238	10,640,238
As of 31.12.2023					
Carrying amount of:					
Investment property	–	329,532,437	454,140,000	–	783,672,437
Goodwill	–	13,524,839	9,991,605	–	23,516,444
Total significant assets	**–**	**343,057,276**	**464,131,605**	**–**	**807,188,881**

in EUR	Russia	Germany	Austria	Reclassification of segment Russia	Total
For the year ended 31.12.2022					
Gross rental income	46,544,478	15,322,857	12,209,325	– 46,544,478	27,532,182
Net rental income	44,565,154	14,749,941	11,183,868	– 44,565,154	25,933,809
Sales of residential and investment properties	3,009,072	–	–	– 3,009,072	–
Revenues of discontinued operations				47,574,226	47,574,226
As of 31.12.2022					
Carrying amount of:					
Investment property	486,996,418	367,532,437	527,586,770	– 486,996,418	895,119,207
Goodwill	42,810,896	13,524,839	10,427,633	– 42,810,896	23,952,472
Included in assets held for sale	–	–	–	529,807,314	529,807,314
Total significant assets	**529,807,314**	**381,057,276**	**538,014,403**	**–**	**1,448,878,993**

3.5 Major customers

Information on major customers of segments "Rental Properties" is given in Note 12.2.

4. INVESTMENT PROPERTIES

The balances and movements of investment property on a project and country basis, reconciliation of their carrying amounts to the fair values determined by the independent appraisal and descriptions of the properties are given in the tables below. The fair value of the investment property in operation was determined based on an independent valuation prepared by DMA Valuation LLC (Russian properties) on 30 June 2022 and PWC (German and Austrian properties) on 31 December 2023 and 31 December 2022. Valuation of Russian properties on 30 June 2022 was used as of 31 December 2022 and at the date of disposal 19 April 2023. Refer to Note 5 for details of valuation.

4.1 The balances and movements of investment properties

AUSTRIA

for the year ended 31.12.2023

in EUR	QBC 4	QBC 1	QBC 2	QBC 7	LASS 1	Total Austria
Beginning of the period	113,800,000	56,120,000	187,040,000	21,200,000	149,426,770	527,586,770
Additions from subsequent expenditure	–	–	–	–	1,964,148	1,964,148
Reclassification from receivables	–	–	–	–	1,777,871	1,777,871
Revaluations	– 15,800,000	– 8,200,000	– 27,080,000	– 2,600,000	– 23,508,789	– 77,188,789
End of period	**98,000,000**	**47,920,000**	**159,960,000**	**18,600,000**	**129,660,000**	**454,140,000**

for the year ended 31.12.2022

in EUR	QBC 4	QBC 1	QBC 2	QBC 7	LASS 1	Total Austria
Beginning of the period	106,900,000	51,660,000	178,110,000	21,000,000	119,638,577	477,308,577
Additions from subsequent expenditure	–	120,474	677,983	–	19,101,130	19,899,587
Borrowing costs	–	–	–	–	2,406,932	2,406,932
Revaluations	6,900,000	4,339,526	8,252,017	200,000	8,280,131	27,971,674
End of period	**113,800,000**	**56,120,000**	**187,040,000**	**21,200,000**	**149,426,770**	**527,586,770**

GERMANY

for the year ended 31.12.2023

in EUR	City Gate	WLC	STRAL 3	SALZ 4	Total Germany	Total Group
Beginning of the period	132,300,000	91,700,000	94,900,000	48,632,437	367,532,437	895,119,207
Additions from subsequent expenditure	290,817	354,194	–	–	645,011	2,609,159
Reclassification from receivables	–	–	–	–	–	1,777,871
Other	– 46,863	– 60,419	–	–	– 107,282	– 107,282
Revaluations	– 12,843,954	– 10,493,775	– 10,000,000	– 5,200,000	– 38,537,729	– 115,726,518
End of period	**119,700,000**	**81,500,000**	**84,900,000**	**43,432,437**	**329,532,437**	**783,672,437**

for the year ended 31.12.2022

in EUR	City Gate	WLC	STRAL 3	SALZ 4	Total Germany	Total Group
Beginning of the period	129,800,000	91,600,000	95,000,000	49,400,000	365,800,000	1,336,060,767
Additions from subsequent expenditure	150,000	–	–	–	150,000	20,092,947
Borrowing costs	–	–	–	–	–	2,406,932
Disposals	–	–	–	–	–	– 6,621,623
Other	– 45,196	– 80,625	–	–	– 125,821	– 481,908
Revaluations	2,395,196	180,625	– 100,000	– 767,563	1,708,258	– 11,252,309
Reclassification to assets held for sale	–	–	–	–	–	– 486,996,302
Effect of translation to presentation currency	–	–	–	–	–	41,910,703
End of period	**132,300,000**	**91,700,000**	**94,900,000**	**48,632,437**	**367,532,437**	**895,119,207**

RUSSIA

	for the year ended 31.12.2022						
in EUR	Berlin House	Geneva House	Polar Lights	Hermitage Plaza	Magistral'naya	Arbat	Total Russia
Beginning of the period	125,192,035	108,483,043	88,336,623	159,416,190	3,525,322	7,998,977	492,952,190
Additions from subsequent expenditure	7,733	0	35,627	0	0	0	43,360
Disposals	–	–	–	–	–	– 6,621,623	– 6,621,623
Other	– 10,886	– 28,100	– 149,716	– 145,315	– 22,070	0	– 356,087
Revaluations	– 5,110,309	– 2,202,036	– 12,810,735	– 18,265,703	– 202,196	– 2,341,262	– 40,932,241
Effect of translation to presentation currency	7,971,405	6,867,328	9,360,086	16,403,402	344,574	963,908	41,910,703
Reclassification to assets held for sale	– 128,049,978	– 113,120,235	– 84,771,885	– 157,408,574	– 3,645,630	–	– 486,996,302
End of period	**–**	**–**	**–**	**–**	**–**	**–**	**–**

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

1. For movement of investment property in Russia for the period 1 January 2023 – 19 April 2023 refer to Note 9.
2. Revaluation adjustment in the tables above for the year ended 31 December 2022 is disclosed both for continuing and discontinued operations.
3. Effect of currency fluctuation: The fair value of investment properties in Russia was determined by using US$-denominated discounted cash flows for Berlin House and Geneva House and RUB-denominated discounted cash flows for the rest investment properties. Total result of revaluation includes net loss from the effect of fluctuations of RUB (the functional currency of the Russian subsidiaries, holding the properties) over US$ (the currency of the appraised fair value) at Berlin House and Geneva House for EUR 25.82 million in the period 1 January 2023 – 19 April 2023 (2022: EUR 8.05 million). The derived effect of Ruble fluctuations over US$ is set off with the effect of translation from functional to presentation currency for the purposes of the disclosure. Reconciliation of the revaluation in the tables in this Note (for 12 months ended 31 December 2022) and Note 9 (1 January – 19 April 2023) to the statement of profit or loss and disclosure of the effect of currency fluctuation on a gross basis is presented below.

		for the year ended 31.12.2023	
in EUR	Total	Continuing operations	Discontinued operations
Net loss from revaluation of investment properties	– 115,726,518	– 115,726,518	–
Net gain due to effect of currency fluctuation on valuation of investment property (Notes 9.2 and 9.3)	25,816,820	–	25,816,820
Total (loss)/gain on revaluation of investment property (gross)	**– 89,909,698**	**– 115,726,518**	**25,816,820**

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

4. In 2022, the Group recognized financial asset (receivable) on the financial guarantees, provided by the sale-purchase agreements on acquisition of properties in 2020 (SALZ 4 and LASS 1), for the total amount EUR 3.38 million. In the reporting period, the financial guarantee on LASS 1 has been derecognized and its remaining value transferred from receivables to investment property for the amount EUR 1.78 million, as the Group received reasonable assurance that it will be recovered by the rental revenue rather than by compensation by the sellers of the property of the missing income on vacant areas.

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

4.3 Reconciliation of market value to carrying amount

Reconciliation of market (fair) value of each property to its carrying amount in the statement of financial position as of 31 December 2023 and 31 December 2022 is presented below.

		as of 31.12.2023	
in EUR	Market value as estimated by the external valuer	Deduct receivable on financial guarantees of sellers of property recognised separately	Carrying amount for financial reporting purposes
City Gate	119,700,000	–	119,700,000
WLC	81,500,000	–	81,500,000
STRAL 3	84,900,000	–	84,900,000
SALZ 4	44,300,000	– 867,563	43,432,437
QBC 4	98,000,000	–	98,000,000
QBC 1	47,920,000	–	47,920,000
QBC 2	159,960,000	–	159,960,000
QBC 7	18,600,000	–	18,600,000
LASS 1	129,660,000	–	129,660,000
Total	784,540,000	– 867,563	783,672,437

		as of 31.12.2022	
in EUR	Market value as estimated by the external valuer	Deduct receivable on financial guarantees of sellers of property recognised separately	Carrying amount for financial reporting purposes
City Gate	132,300,000	–	132,300,000
WLC	91,700,000	–	91,700,000
STRAL 3	94,900,000	–	94,900,000
SALZ 4	49,500,000	– 867,563	48,632,437
QBC 4	113,800,000	0	113,800,000
QBC 1	56,120,000	0	56,120,000
QBC 2	187,040,000	0	187,040,000
QBC 7	21,200,000	0	21,200,000
LASS 1	151,940,000	– 2,513,230	149,426,770
Total	898,500,000	– 3,380,793	895,119,207

Receivables for the properties are accounted for and presented in the statement of financial position separately as receivables. The carrying amount of the guarantees is deducted from market value of the investment property to avoid double count. See also commentary 5 in Note 4.2 above.

4.4 General information about investment properties

General information for each property is disclosed in the Note 28.

5. FAIR VALUE MEASUREMENT

5.1. Valuation Method

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

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

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

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

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

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

Techniques used for valuing investment property

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 31 December 2023 and 2022, the Group held the investment properties carried at fair value determined by the Level 3 technique. During the year ending 31 December 2023 and the year ending 31 December 2022, there were no transfers to and from Level 1&2 fair value measurements.

5.2 Summary of valuation assumptions and valuation techniques used to derive Level 3 fair value

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. The range for ERV, given in the table below, does not include ERVs on minor areas (archive etc.). The weighted average figure includes effect of rentals from these areas.

Property	Fair value as of 31.12.2023, EUR	Valuation technique	Key unobservable inputs	Range (Weighted average), per sqm p.a.
			ERV	EUR 300 (EUR 318)
			Discount rate	5.25%
City Gate	119,700,000	DCF	Capitalisation rate	4.60%
			ERV	EUR 240 - EUR 294 (EUR 270)
Work Life			Discount rate	5.45%
Center	81,500,000	DCF	Capitalisation rate	4.45%
			ERV	EUR 228 - EUR 247 (EUR 242)
			Discount rate	4.95%
QBC 4	98,000,000	DCF	Capitalisation rate	4.25%
			ERV	n.a.
			Discount rate	7.00%
STRAL 3	84,900,000	DCF	Capitalisation rate	5.25%
			ERV	n.a.
			Discount rate	7.20%
SALZ 4	44,300,000	DCF	Capitalisation rate	5.45%
			ERV	EUR 235 - EUR 283 (EUR 229)
			Discount rate	5.15%
QBC 1	47,920,000	DCF	Capitalisation rate	4.45%
			ERV	EUR 234 - EUR 253 (EUR 229)
			Discount rate	5.15%
QBC 2	159,960,000	DCF	Capitalisation rate	4.45%
			ERV	EUR 1.908 per unit
			Discount rate	5.20%
QBC 7	18,600,000	DCF	Capitalisation rate	4.50%
			ERV	EUR 210 - EUR 290 (EUR 216)
			Discount rate	5.55%
LASS 1	129,660,000	DCF	Capitalisation rate	4.65%

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

5.3 Sensitivity analysis

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

- ERV
- Discount rate
- Capitalisation rate

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

The table below presents the sensitivity of the valuation of the German and Austrian properties to changes in the most significant unobservable inputs used in the fair value measurement categorized within Level 3. The comparative information is restated as management identified unintentional miscalculation in the data (Decrease in ERV: greater impact by EUR 3,592,926.0; Increase in discount rate: greater impact by EUR 2,634,047.0; Increase in capitalization rate: weaker impact by EUR 1,735,396.0).

31.12.2023	Effect on fair value	
in EUR	Sensitivity used	Effect of value of rental properties
Decrease in ERV	5%	– 23,595,008
Increase in discount rate	25 bps	– 17,399,638
Increase in capitalisation rate	25 bps	– 24,932,839

31.12.2022	Effect on fair value	
in EUR	Sensitivity used	Effect of value of rental properties
Decrease in ERV	5%	– 27,603,620
Increase in discount rate	25 bps	– 21,231,134
Increase in capitalisation rate	25 bps	– 36,803,811

5.4 Valuation of investment properties of disposal group

As at the date of disposal, 19 April 2023, and at previous reporting date 31 December 2022, the disposal group includes all investment properties located in Russia: Berlin House, Geneva House, Hermitage Plaza, Polar Lights and Magistral'naya. They have been accounted for at fair value determined by independent appraisal every half year. On 1 November 2022, the properties were reclassified to assets held for sale in the statement of financial position (in total with liabilities and other assets, they constitute disposal group) and continued to be accounted at fair value determined by the appraisal as of 30 June 2022. The Group did not recognize any additional revaluation adjustment for the investment properties after 30 June 2022, except for the effect of foreign exchange differences for the properties with US$-denominated rental cash flows and, as a consequence, US$-denominated fair value (Berlin House and Geneva House).

Investment property Arbat 39, owned by entity Redhill Investment Ltd. is not included in the disclosures in Note 7.4, as the entity, that was also part of the disposal group, was sold on 12 December 2022, as presented in Note 4.1.

The table below provides summary of the valuation technique and assumptions applied to determine fair value of the properties in valuation performed by appraisals as of 31 December 2022 and relevant for 19 April 2023.

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

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

– ERV
– Discount rate
– Capitalisation rate

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

The sensitivity of the valuation of the investment properties of the disposal group to changes in the most significant unobservable inputs used in the fair value measurement categorized within Level 3 is given in the table below. The RUB amounts are translated to EUR and US$ at rates as of 19 April 2023.

30.06.2022 & 31.12.2022 & 19.04.2023

in EUR	Sensitivity used	Effect on value of rental properties Russia
Decrease in ERV	10%	– 35,303,972
Increase in discount rate	200 bps	– 30,444,582
Increase in capitalisation rate	200 bps	– 51,081,088

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

in EUR	Market value as estimated by the external valuer as of 30 June 2022 at rates on 19 April 2023	Add land lease obligation recognised separately (in liabilities directly associated with assets classified as held for sale)	Other movements during 1 July 2022 - 19 April 2023, net	Carrying amount for financial reporting purposes as of 19 April 2023
Berlin House	123,913,481	285,372	– 591	124,198,262
Geneva House	109,724,636	–	22,718	109,747,354
Polar Lights	73,916,809	–	– 48,216	73,868,593
Hermitage Plaza	137,215,590	–	– 61,048	137,154,542
Magistral'naya	3,185,487	–	– 13,904	3,171,583
Total	**447,956,003**	**285,372**	**– 101,041**	**448,140,334**

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

6. LOANS & ACCOUNT RECEIVABLE

in EUR	31.12.2023	31.12.2022
Non-current loans and accounts receivable		
Loans given to and receivables from the former Russian segment	70,509,379	38,533,530
Receivable from sellers of investment properties	867,563	1,910,075
Cash security deposits received from tenants	1,523,335	998,156
Eurobonds	1,512,332	1,543,565
Total	**74,412,609**	**42,985,326**
Current accounts receivable		
Rental receivable	2,099,196	2,827,065
Receivable from sellers of investment properties	150,000	1,470,718
Receivable from the former Russian segment	490,669	–
Held-to-maturity bank deposits (4-12 months)	2,200,000	–
Other receivable	376,158	336,351
Total	**5,316,023**	**4,634,134**
Total accounts receivable	**79,728,632**	**47,619,460**

6.1 Loans given to and receivables from the former Russian segment

Loans given and receivables from the former Russian segment were recognized in the consolidated statement of financial position upon completion of the sale of disposal group. Refer to note 9.

Breakdown of non-current part of these loans and receivables is given below.

in EUR	31.12.2023	31.12.2022
Non-current loans given and receivables from the former Russian segment		
Loans given to Redhill Investment Limited	39,129,926	61,137,049
Loans given to Lenbury Enterprises Limited	6,817,191	–
Receivable from Capital Estate Group Limited	–	–
Receivable from Lenbury Enterprises Limited	36,543,136	–
Total, gross basis	**82,490,253**	**61,137,049**
Less: impairment allowance	– 11,980,874	– 22,603,519
Total	**70,509,379**	**38,533,530**

The table below presents balances and movement of loans for the years ended 31 December 2023 and 2022, split into cash and non-cash categories.

in EUR	Note	Redhill loan	Lenbury deferred consideration receivable	Lenbury loan	CEG loan	Total
Balance as of 1 January 2023		**38,533,530**	**–**	**–**	**–**	**38,533,530**
Cash flows:						
Repayment of principal		– 6,448,228	–	– 25,000,000	–	– 31,448,228
Repayment of interest		– 1,753,297	–	–	–	– 1,753,297
Non-cash movements:						
Recognition in the consolidated accounts at the date of sale of subsidiary		–	42,264,182	31,148,750	1,760,655	75,173,587
Assignment of the loan rights to disposal group and derecognition at disposal date	9	– 14,139,139	–	–	–	– 14,139,139
FV adjustment at the date of recognition		–	– 6,273,690	–	–	– 6,273,690
Interest accruals		1,480,096	765,038	288,112	–	2,533,246
Foreign exchange difference		– 1,146,555	– 212,394	380,329	41,749	– 936,871
Change in impairment allowance		10,622,645	–	–	–	10,622,645
Set-off with the loans due to the former Russian segment		–	–	–	– 1,802,404	– 1,802,404
Balance as of 31 December 2023		**27,149,052**	**36,543,136**	**6,817,191**	**–**	**70,509,379**

in EUR	Note	Redhill loan	Total
Balance as of 1 January 2022		**–**	**–**
Non-cash movements:			
Recognition in the consolidated accounts at the date of sale of subsidiary		61,002,255	61,002,255
Interest accruals		134,794	134,794
Change in impairment allowance		– 22,603,519	– 22,603,519
Balance as of 31 December 2022		**38,533,530**	**38,533,530**

Loan given to Redhill Investment Limited ("Redhill") is 4.25% p.a., EUR denominated, maturity term 31 December 2032, with no specific payment schedule.

Loan given to Lenbury Enterprises Limited ("Lenbury") is EUR-denominated, due for payment by 31 December 2032, no specific schedule, 3.0% p.a.

Receivable from Lenbury arose on sale of shares in the subsidiaries of the disposal group by EPH to Lenbury, executed in 2022, when Lenbury was part of the Group. Receivable is interest-free, US$-denominated (US$ 46.32 million at the date of recognition in the consolidated accounts and as of 31 December 2023) with maturity on 31 December 2032 at the latest without specific payment schedule. At recognition, the Company recognized fair value adjustment on the instrument for the amount EUR 6.27 million representing primarily effect of the discounting of the nominal amount of the receivable at market interest rate (refer to Note 9.4).

Loans given to and receivables from Lenbury are secured with the shares and investment property of its subsidiaries.

Current receivable from the former Russian segment (EUR 0.49 million) arose in the periods before the sale of the segment as a result of miscellaneous payments made by the parent company EPH PLC on behalf of the segment's subsidiaries for consulting and other services rendered to them by third parties. The receivable had been eliminated as inter-company balance previously and was recognized in the consolidated accounts upon disposal of the respective subsidiaries.

The loans and receivables from the former Russian segment are subsequently measured at amortised cost, using effective interest method, less impairment allowance for expected credit losses.

Impairment allowance

At the reporting date, despite the fact that the financial position of the borrowers appears stable (no overdue payments, problematic restructurings, stable operating cash flows), taking into account the current macroeconomic situation in the Russian Federation, all of the loans and receivables from the former Russian segment have been determined for Stage 2 of credit risk. As of 31 December 2022, the loan receivable from Redhill was determined at Stage 2 of credit risk. The impairment allowance as of 31 December 2023 was determined in the amount EUR 11.98 million (31 December 2022: EUR 22.60 million). Refer to Note 2 for details of estimation of credit loss.

6.2. Receivable from the sellers of investment properties

Receivable from the sellers of investment properties represent receivables with the sellers of the properties acquired in 2020.

in EUR	31.12.2023	31.12.2022
Non-current		
Sellers of property SALZ 4	867,563	867,563
Sellers of property Lass 1	–	1,042,512
	867,563	**1,910,075**
Current		
Sellers of property Lass 1	150,000	1,470,718
	150,000	**1,470,718**
Total current and non-current	**1,017,563**	**3,380,793**

Receivable with the seller of SALZ4 represents prepayment for property that will be returned depending on the occurrence of certain events in the future or by 31 December 2026, whichever is earlier. The carrying amount of investment property as at 31 December 2023 and 2022 is decreased for the value of this receivable to avoid double count. The receivable is secured by the bank guarantee provided by the sellers.

As of 31 December 2022, the receivable from the sellers of Lass 1 refers to the compensation guaranteed on vacant premises for 2023 and 2024 years. The Group received payment for the first half of the reporting period in the amount EUR 0.73 million. In the second half of the reporting period, vacant premises were occupied by a tenant; remaining value of the receivable was transferred to investment property in the amount EUR 1.78 million as it is expected to be principally recovered by rental inflows. Remaining balance of EUR 0.15 million represents miscellaneous payments in respect of properties that will be taken into account at final adjustment of the purchase price at the end of 2024.

6.3 Eurobonds

Eurobonds of different issues are owned by subsidiary SA3 Media (property STRAL3). Maturity is 2026 – 2028 year, nominal coupon rates are 2.45 – 3.75%, effective rates are 0.42 – 1.05%. The instruments are measured at fair value through other comprehensive income on a recurring basis, level 1, both on 31 December 2023 and 31 December 2022.

6.4. Held-to-maturity bank deposits

The line includes bank deposit with HypoVereinsbank, Germany, placed in December 2023, with maturity 18 June 2024, 3.0% p.a.

7. GOODWILL

	for the year ended 31.12.2023			
in EUR	City Gate	WLC	QBC 4	Total
Goodwill				
Beginning of the period	9,491,068	4,033,771	10,427,633	23,952,472
Impairment	–	–	– 436,028	– 436,028
End of period	**9,491,068**	**4,033,771**	**9,991,605**	**23,516,444**

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

Goodwill was recognised on the acquisition of investment properties as given above and represents the advantage of acquired entities' corporate structure optimizing the future income tax expense which can arise from potential property sales. Goodwill is tested for impairment at least annually and when circumstances indicate that the carrying value may be impaired. As of 31 December 2023, carrying amount of investment property QBC 4 is lower than its cost of acquisition, respectively, the future income tax expense from potential property sales is lower than amount of the initially recongnised goodwill. Respectively, the Group recognized impairment loss for goowill associated with QBC 4 for the amount of EUR 0.44 million. For other WLC and City Gates properties there are no circumstances indicating that the carrying value of goodwill may be impaired (31 December 2022: impairment loss is nil).

Goodwill arises on acquiring an asset via a share deal, where the Group inherits the fiscal basis of the assets. As IFRS require recognition of deferred taxes on a nominal basis, while share transactions are based on market value of these taxes, a difference appeared is reflected in the goodwill. Therefore, in this case the impairment test consists in a comparison between the accounting value of the Goodwill and the potential tax optimization existing at the date of reporting.

In 2022, goodwill associated with the disposal group (refer to Note 9) is reclassified to the assets classified as held for sale and tested for impairment jointly with other assets, net of liabilities, of the disposal group as of 31 December 2022.

8. CASH & CASH EQUIVALENTS

in EUR	31.12.2023	31.12.2022
Cash at banks	79,266,732	190,161,794
Cash in transit	100,000	–
Cash deposits at banks (<3 months)	700,000	–
Cash and cash equivalents available	**80,066,732**	**190,161,794**
Bank overdrafts	– 104	– 417
Total cash and cash equivalents available with bank overdrafts	**80,066,628**	**190,161,377**

Bank overdraft is presented in line Current Borrowings in the consolidated statement of financial position.

Cash deposits at banks consists of the deposit at VP Bank, Luxembourg, with one month maturity, 3.3% p.a.

Cash balances of the entities included in disposal group as of 31 December 2022 are not included in the table above. They are presented in line Assets classified as held for sale in the statement of financial position and disclosed in Note 9.3.

Balances of cash deposits on bank accounts restricted for immediate use, presented in this note in the previous financial statements, were reclassified to receivables as described in Note 2.5.2.

Reconciliation of balances of cash and cash equivalents to the statement of cash flow is given below:

in EUR	Note	31.12.2023	31.12.2022
Cash and cash equivalents available per statement of financial position		**80,066,732**	**190,161,794**
Bank overdraft	10	– 104	– 417
Cash and cash equivalents in line Assets classified as held for sale	9	–	12,402,493
Bank overdraft in line Liabilities directly associated with assets classified as held for sale	9	–	– 13
Total cash at the end of the period per statement of cash flow		**80,066,628**	**202,563,857**

9. DISCONTINUED OPERATION

9.1 Description

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

Following the resolution of shareholders, as a preparatory step for the transaction, the Company accumulated, via inter-company sale, on the balance sheet of subsidiary Lenbury the shares of the respective subsidiaries holding the Russian portfolio (except for Redhill Investment Ltd.): the Cyprus subsidiaries holding Russian subsidiaries with properties in Russia, and participatory interest in German entities directly owning a property in Russia. The full list of intermediary parents and their subsidiaries that substitute the disposal group is given below (with 100% nominal and effective ownership by the Group as of 31 December 2022 and 19 April 2023, except for Redhill Investment Limited).

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

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

On 19 April 2023, the Company sold 100% of shares in Lenbury under a sale and purchase agreement (the 'SPA') with a third party company owned by the Russian management of the Group. The SPA provides for the consideration of US$ 15,000.

As a part of the sale, the buyers assumed the Group's liabilities under the notes issued as well as Lenbury's liability to repay the deferred consideration for the acquisition of Russian portfolio as described above.

Until full repayment of the deferred consideration, the shares of the subsidiaries and Lenbury itself are pledged and the Russian properties are mortgaged in favour of the Company.

The associated assets and liabilities of the subsidiaries, that were disposed under the SPA, were presented as held for sale in the consolidated statement of financial position as of 31 December 2022.

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

All subsidiaries for sale under the SPA and the disposed entity Redhill are reported as a discontinued operation in the consolidated statement of profit or loss. Financial information relating to the discontinued operation for the year 2023 (the transactions until the date of disposal, 19 April 2023) and 2022 is presented below.

9.2 Financial performance and cash flow information

The information in the tables below is presented excluding inter-company transactions.

	for the period 1 January 2023 - 19 April 2023	for the year ended 31.12.2022
Rental income		
Gross rental income	11,300,760	46,544,478
Service charge income	2,505,792	9,485,714
Property operating and maintenance expenses	– 3,166,314	– 11,465,038
Net rental income	**10,640,238**	**44,565,154**
Gains and losses arising from the sales of properties		
Sales of properties	–	3,009,072
Cost of sales	–	– 2,239,976
Net gain arising from the sales of properties	**–**	**769,096**
Other expenses	– 628,164	– 5,470,358
Revaluation of investment properties	25,816,820	– 48,986,403
Other income	32,180	4,948,014
Net operating (loss)/profit from discontinued operation	**35,861,074**	**– 4,174,497**
Interest income	178,378	1,198,572
Finance cost	– 3,394,966	– 12,291,989
Net foreign exchange gain/(loss)	– 27,281,743	3,855,325
Profit/(loss) before tax	**5,362,743**	**– 11,412,589**
Income taxes	– 7,175,842	5,585,813
Net loss after income tax of discontinued operations	**– 1,813,099**	**– 5,826,776**
Loss on sale of the subsidiary after income tax	– 101,453,432	8,955,820
Net (loss) / profit for the period from discontinued operations	– 103,266,531	3,129,044
(Loss)/gain on currency translation differences	– 25,888,127	31,920,706
Reclassification of currency translation differences to profit or loss upon disposal of discontinued operation	162,743,942	13,647,698
Other comprehensive gain from discontinued operation	**136,855,815**	**45,568,404**

in EUR	for the period 1 January 2023 - 19 April 2023	for the year ended 31.12.2022
Net cash inflow from operating activities	5,994,035	34,323,283
Net cash outflow for investing activities	– 15,528,078	– 4,093,334
including inter-company payment to the parent company EPH Plc. for assignment of Redhill loan (Note 6)	– 14,139,144	–
Net cash inflow from financing activities	3,720,463	–
Net (decrease)/increase in cash generated by the discontinued operations	– 5,813,580	30,229,949

9.3 Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were classified as held for sale in relation to the discontinued operation as of 31 December 2022 and at the date of disposal 19 April 2023. The balances are given excluding inter-company balances.

in EUR	19.04.2023	31.12.2022
Assets classified as held for sale		
Investment properties	448,140,334	486,996,302
Goodwill	41,521,136	42,810,896
Loans and accounts receivable	16,977,921	1,964,538
Other assets	2,399,062	2,376,080
Cash and cash equivalents	6,588,905	12,402,493
Total assets of the disposal group held for sale	**515,627,358**	**546,550,309**
Liabilities directly associated with assets classified as held for sale		
Borrowings*	409,902,969	433,528,397
Deferred tax liabilities	79,306,083	85,486,000
Accounts payable and accrued expenses	2,972,210	2,959,307
Other liabilities	18,082,257	21,435,104
Total liabilities of the disposal group held for sale	**510,263,519**	**543,408,809**
Net assets/(liabilities) of the disposal group	5,363,839	3,141,500

*The amount of borrowings includes overdraft of EUR 5 (31.12.2022: EUR 430).

The details of changes in the balances of investment properties on a project basis are presented below:

	for the period 1 January - 19 April 2023					
in EUR	Berlin House	Geneva House	Polar Lights	Hermitage Plaza	Magistral'naya	Total Russia
Beginning of the period	**128,049,978**	**113,120,235**	**84,771,885**	**157,408,574**	**3,645,630**	**486,996,302**
Additions from subsequent expenditure	–	46,723	2,297	4,267	–	53,287
Other	– 2,776	– 11,110	– 2,898	– 14,378	– 5,629	– 36,791
Revaluations	–	–	–	–	–	–
Effect of translation to presentation currency (Note 4.2.3)	– 3,848,940	– 3,408,494	– 10,902,691	– 20,243,921	– 468,418	– 38,872,464
End of period	**124,198,262**	**109,747,354**	**73,868,593**	**137,154,542**	**3,171,583**	**448,140,334**

The effect of translation to presentation currency in the table above for properties Berlin House and Geneva House is presented net with the revaluation gain recognized on these properties for the amount EUR 25.82 million (Note 9.2), for the purposes of these presentation. Refer to Note 4.2.3 for details.

9.4. Details of sale of Russian segment

in EUR	19.04.2023	12.12.2022
	Disposal of Lenbury	Disposal of Redhill
Consideration received or receivable:		
Cash	13,775	1
Loans and receivables given to disposal group	75,745,441	61,270,804
Loans received from disposal group	– 2,831,177	– 7,412,588
FV adjustment to the receivables given to disposal group	– 6,273,690	–
Total disposal consideration	**66,654,349**	**53,858,217**
Carrying amount of net assets sold	– 5,363,839	– 31,254,699
Gain on sale before income tax and reclassification of CTA	**61,290,510**	**22,603,518**
Reclassification of CTA	– 162,743,942	– 13,647,698
Income tax expense	–	–
Loss on sale after income tax	**– 101,453,432**	**8,955,820**

The carrying amount of assets and liabilities, including balances with the Group, as of the date of sale (19 April 2023 and 12 December 2022) were as follows:

in EUR	19.04.2023	12.12.2022
	Lenbury	Redhill
Investment property	448,140,334	6,621,623
Goodwill	41,521,136	–
Loans given to EPH Group	2,831,177	7,412,588
Loans and accounts receivable	16,977,921	–
Inventory	–	54,855,574
Other assets	2,399,063	665,155
Cash and cash equivalents	6,588,905	4,049,973
Total assets	**518,458,536**	**73,604,913**
Borrowings	409,902,969	30,843,895
Borrowings and payables owed to EPH Group	75,745,441	61,270,804
Payables	21,054,468	2,952,403
Deferred tax liability	79,306,083	1,141,328
Total liabilities	**586,008,961**	**96,208,430**
Net liabilities	**– 67,550,425**	**– 22,603,517**
Net liabilities excluding balances with the Group	**5,363,839**	**31,254,699**

Upon disposal, the Group recognized in its consolidated statement of financial position remaining receivables and payables from/to the segment, previously eliminated. Refer to Note 6.1.

Loss on disposal amounted to EUR 101.45 million, net of negative effect from reclassification of accumulated currency translation differences attributable to the entity from CTA reserve for the amount EUR 162.76 million.

In the interim condensed consolidated accounts the Group reported loss on disposal for the amount EUR 95.18 million. The difference to the current Note is explained in Note 2.5.4.

10. BORROWINGS

in EUR	31.12.2023	31.12.2022
Borrowings (non-current)		
Bonds issued	244,350,000	167,425,000
Bank loans	14,888,750	166,279,021
Other loans	10,335,537	10,181,933
Total	**269,574,287**	**343,885,954**
Borrowings (current)		
Bonds issued	167,425,000	247,455,420
Bank loans	1,040,000	987,346
Other loans	1,653,970	556,258
Bank overdrafts	104	417
Total	**170,119,074**	**248,999,441**
Total Borrowings	**439,693,361**	**592,885,395**

10.1 Bonds

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

as of 31.12.2023	Nominal value, EUR	Nominal interest rate	Interest payment date	Maturity date
ISIN CH1177844367 (until April 2022 CH0249865368)	126,700,000	4.5%	March and September	Sep 2028
ISIN CH1177348278 (until April 2022 CH0254468074)	117,650,000	4.5%	March and September	Sep 2028
ISIN CH1177348302 (until April 2022 CH0283169123)	122,175,000	2.25%	June and December	May 2024
ISIN CH1177348310 (until April 2022 CH0305765015)	45,250,000	2.25%	June and December	Dec 2024
Total	**411,775,000**			

On 1 April 2022, the Company received consent from the bondholders and modified currency and interest rate of the bonds. The modification was accounted for as extinguishment of the original financial liability and the recognition of a new financial liability on 1 April 2022.

On 8 September 2023, the Group extended maturity and interest rate on bonds with original maturity in September 2023. Effective from 1 October 2023, the bonds for the amount EUR 244.35 million were extended for 5 years (September 2028), the interest rate was changed from 2.0% to 4.5% p.a.

10.2 Bank loans

in EUR					31.12.2023	31.12.2022
Non-current bank loans	**currency of issue**	**nominal interest**	**repayment date**	**Collateral**		
UniCredit - QBC4 loan	EUR	3M EURIBOR +1,125%	April 2024	(1)	–	50,684,220
UniCredit - QBC1&2 loans	EUR	3M EURIBOR +1,3%	Dec. 2030	(2)	–	99,666,051
UniCredit - SALZ4 loan	EUR	1M EURIBOR +1,05%	Dec. 2029	(3)	14,888,750	15,928,750
Total					**14,888,750**	**166,279,021**
Current bank loans						
UniCredit - SALZ4 loan	EUR	1M EURIBOR +1,05%		(3)	1,040,000	987,346
Total					**1,040,000**	**987,346**

On 21 September 2023, the Group signed Termination, Pay-Off and Security Release Agreement with UniCredit Bank Austria AG and made an early repayment of loans provided to QBC Immobilien GmbH & Co Alpha KG and QBC Immobilien GmbH & Co Omega KG (QBC 1&2) and QBC Immobilien GmbH & Co Delta KG (QBC 4). On repayment, the Group also paid a business distance fee of EUR 0.70 million and received compensation for the termination of the interest SWAP, attached to the respective loans, at fair value, net of fees, for the amount EUR 18.21 million. Refer to Notes 16 and 17.

The loans are secured as follows:
The bank loans were secured on 31 December 2022 as given below.
(1) The loan is secured by 100% shares in subsidiary QBC Immobilien GmbH&Co Delta KG that holds investment property.
(2) The loans given to QBC 1&2 are secured with shares of QBC Immobilien GMBH & CO Omega KG , QBC Immobilien GMBH & CO Alpha KG and the property QBC 1&2 (land and building) and all current and future rental receivables of these properties.
(3) The loan is secured with the property SALZ 4 (land and building) as well as all its current and future rental receivables.

Upon repayment of loans (1) and (2), the collateral was released, whereas security for loan (3) remains effective.

As of 31 December 2023, effective interest rate on SALZ 4 loan is 2.09% (2022: SALZ 4 loan - 2.09%, QBC 1,2 loans – 1.6%, QBC 4 loan – 1.24%).

10.3 Other loans

Other loans comprise of the following liabilities:

– Loans from non-controlling shareholders of German subsidiaries of the Group (WLC, City Gate and SA3 Media) with the total carrying amount of EUR 10.97 million, of which EUR 0.63 million is short-term (31 December 2022: EUR 10.74 million, of which EUR 0.56 million is short-term). Interest rates are fixed at 4.26% and 4.5%. Loans are repayable in December 2025 (EUR 4.33 million), October 2026 (EUR 1.30 million) and December 2031 (EUR 4.70 million).
– Loans from the former subsidiaries EPH Real Estate Limited (EUR 0.73 million) and PNL Media Limited (EUR 0.30 million) of Russian segment, that were sold on 19 April 2023 (refer to Note 9.3). Loans have maturity in September and October 2023, denominated in EUR and bear interest of 0.39% and 0.25% p.a. accordingly. The loans were partly repaid, partly extended subsequent to the period-end.

10.4 Changes in the balance of borrowings

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

in EUR	Note	Bonds issued	Notes payable	Bank & other loans	Total
Balance as of 1 January 2023		**414,880,420**	**426,100,000**	**185,432,954**	**1,026,413,374**
Cash flows, net		– 13,286,741	– 30,072,917	– 151,256,245	– 194,615,903
Non-cash movements:		–	–	–	–
Interest accruals		10,181,321	3,292,075	3,974,677	17,448,073
Foreign exchange difference		–	33,569,587	466,332	34,035,919
Currency translation adjustment (CTA)		–	– 33,569,587	– 1,134,275	– 34,703,862
Recognition of loans from the former subsidiaries (ex-inter-company) at disposal	6, 9.4	–	–	2,821,024	2,821,024
Derecognition of borrowings of the former subsidiaries at disposal	9.4	–	– 399,319,158	– 10,583,806	– 409,902,964
Set-off with the loans due to the former subsidiaries (ex-inter-company)				– 1,802,404	– 1,802,404
Balance as of 31 December 2023		**411,775,000**	**–**	**27,918,257**	**439,693,257**

in EUR	Bonds issued	Notes payable	Bank & other loans	Total
Balance as of 1 January 2022	**404,515,673**	**323,100,066**	**206,137,697**	**933,753,436**
Cash flows, net	– 13,184,922	90,960,781	– 3,623,109	74,152,750
Non-cash movements:	–	–	–	–
Interest accruals	13,203,554	12,039,153	4,626,960	29,869,667
Derecognition of old liability	– 411,405,316	–	–	– 411,405,316
Recognition of new liability	411,775,000	–	–	411,775,000
Foreign exchange difference	9,976,431	–	716,572	10,693,003
Currency translation adjustment (CTA)	–	–	1,006,491	1,006,491
Disposal of subsidiary	–	–	– 23,431,657	– 23,431,657
Balance as of 31 December 2022	**414,880,420**	**426,100,000**	**185,432,954**	**1,026,413,374**
including:				
borrowings of disposal group	–	426,100,000	7,428,396	433,528,396
borrowings of continuing group	414,880,420	–	178,004,558	592,884,978

Interest accruals for 2022 include both interest recognized as finance cost in the consolidated statement of profit or loss (EUR 4.0 million) and interest capitalized in the value of the investment property under construction (EUR 1.6 million). Refer to Notes 4.1 and 17.

Cash flows, net, presented in the table, do not include interest paid on cash balances and other charges of banks for the amount EUR 0.43 million (2022: EUR 1.12 million).

11. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities are presented below:

in EUR	31.12.2023	31.12.2022
Non-current liabilities		
Tenant deposits	1,591,699	1,064,153
Deferred revenue	315,187	319,053
Total	**1,906,886**	**1,383,206**
Current liabilities		
Payables for acquired properties at FVTPL	–	133,571
Trade payables and accrued expenses	2,350,956	1,648,798
Payables to construction suppliers	–	2,852,427
Payables and accrued expenses with related parties	38,036	272,790
Deferred revenue	23,617	42,481
Total	**2,412,609**	**4,950,067**
Total accounts payable and other liabilities	**4,319,495**	**6,333,273**

The balance of tenant deposits consist of the tenant security deposits refundable upon expiry of the leases.

As of 31 December 2022, payables to construction suppliers represented primarily payables for construction works on Lass 1. In the reporting period, the opening liability and new supplies were partly paid in cash, partly set off with the receivable arisen on purchase price adjustment. Refer to Note 14 for details.

12. NET RENTAL INCOME

12.1 Rental Income

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

AUSTRIA

for the year ended 31.12.2023

in EUR	QBC 4	QBC 1	QBC 2	QBC 7	LASS 1	Reconciliations (inter-company)	Total Austria
Gross rental income	4,126,490	2,019,452	6,814,881	1,351,006	5,039,753	– 491,024	18,860,558
Service charge income	2,113,594	830,312	2,749,181	660,832	2,234,949	– 420,848	8,168,020
Property operating and maintenance expenses	– 2,124,190	– 853,240	– 2,819,699	– 1,252,065	– 2,376,593	911,872	– 8,513,915
Utilities	– 1,145,876	– 466,124	– 1,662,504	– 73,043	– 798,745		– 4,146,292
Property operating expenses	– 889,560	– 280,422	– 864,439	– 579,869	– 1,488,716	420,848	– 3,682,158
Repair and maintenance costs	– 83,928	– 105,570	– 289,182	– 103,162	–		– 581,842
Ground rents paid	–	–	–	– 491,024	–	491,024	–
Non-income taxes	– 4,826	– 1,124	– 3,574	– 4,967	– 89,132		– 103,623
Net rental income	**4,115,894**	**1,996,524**	**6,744,363**	**759,773**	**4,898,109**	**–**	**18,514,663**

for the year ended 31.12.2022

in EUR	QBC 4	QBC 1	QBC 2	QBC 7	LASS 1	Reconciliations (inter-company)	Total Austria
Gross rental income	3,734,529	1,834,762	5,282,117	1,237,317	562,561	– 441,961	12,209,325
Service charge income	1,251,625	495,770	1,340,988	686,933	345,913	– 323,498	3,797,731
Property operating and maintenance expenses	– 1,351,498	– 589,586	– 1,925,583	– 1,164,837	– 557,143	765,459	– 4,823,188
Utilities	– 465,213	– 256,417	– 705,220	– 20,831	– 52,050	–	– 1,499,731
Property operating expenses	– 733,627	– 234,015	– 919,970	– 576,686	– 498,007	323,498	– 2,638,807
Repair and maintenance costs	– 141,922	– 98,156	– 296,946	– 120,458	–	–	– 657,482
Ground rents paid	–	–	–	– 441,961	–	441,961	–
Non-income taxes	– 10,736	– 998	– 3,447	– 4,901	– 7,086	–	– 27,168
Net rental income	**3,634,656**	**1,740,946**	**4,697,522**	**759,413**	**351,331**	**–**	**11,183,868**

Service charge income for QBC 7 and property operating expenses for QBC 1,2 and 4 were previously reported in the financial statements for 2022 excluding inter-company income (in total of EUR 323,498) and expenses (in total of EUR 323,498). The amounts for 2022 are restated to present the amounts of income and expenses for each project, including inter-company transactions for these amounts. Respectively, elimination of inter-company turnover was also restated in column Reconciliations (inter-company).

GERMANY

	for the year ended 31.12.2023					
in EUR	City Gate	WLC	STRAL 3	SALZ 4	Total Germany	Total Group
Gross rental income	5,079,704	2,772,944	4,592,321	2,679,784	15,124,753	33,985,311
Service charge income	1,265,874	935,097	–	92,717	2,293,688	10,461,708
Property operating and maintenance expenses	– 1,583,055	– 1,091,321	– 314,105	– 348,112	– 3,336,593	– 11,850,508
Utilities	– 388,889	– 329,870	–	– 30,841	– 749,600	– 4,895,892
Property operating expenses	– 793,364	– 364,241	– 67,509	– 97,070	– 1,322,184	– 5,004,342
Repair and maintenance costs	– 271,728	– 328,265	– 167,318	– 184,995	– 952,306	– 1,534,148
Ground rents paid	–	–	–	–	–	–
Non-income taxes	– 129,074	– 68,945	– 79,278	– 35,206	– 312,503	– 416,126
Net rental income	**4,762,523**	**2,616,720**	**4,278,216**	**2,424,389**	**14,081,848**	**32,596,511**

	for the year ended 31.12.2022					
in EUR	City Gate	WLC	STRAL 3	SALZ4	Total Germany	Total Group
Gross rental income	4,589,805	3,797,194	4,419,700	2,516,158	15,322,857	27,532,182
Service charge income	1,568,068	971,238	–	69,600	2,608,906	6,406,637
Property operating and maintenance expenses	– 1,344,826	– 1,242,404	– 328,601	– 265,991	– 3,181,822	– 8,005,010
Utilities	– 308,813	– 356,488	–	– 14,709	– 680,010	– 2,179,741
Property operating expenses	– 685,459	– 333,588	– 100,445	– 67,435	– 1,186,927	– 3,825,734
Repair and maintenance costs	– 221,480	– 481,132	– 148,878	– 148,641	– 1,000,131	– 1,657,613
Ground rents paid	–	–	–	–	–	–
Non-income taxes	– 129,074	– 71,196	– 79,278	– 35,206	– 314,754	– 341,922
Net rental income	**4,813,047**	**3,526,028**	**4,091,099**	**2,319,767**	**14,749,941**	**25,933,809**

12.2 Major tenants of the Group

The top tenants in the Group (continuing operations) in the reporting period and in 2022 year are presented below as share of their income in total gross rental and service charge income of the Group.

	for the year ended	
	31.12.2023	31.12.2022
Nhow (SA3)	16%	15%
Innside by Melia (SALZ4)	9%	9%
BDO (QBC4)	9%	10%
Land Baden-Württemberg (City Gate)	7%	5%
Stadt Wien (Lass 1)	6%	0%
Performance Media (WLC)	5%	6%
Wiener ArbeitnehmerInnen Förderungsfonds (Lass 1)	5%	0%

12.3 Future lease payments

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

in EUR	31.12.2023	31.12.2022**
Less than 1 year	46,127,140	41,252,164
From 1 year to 5 years	167,167,751	160,114,662
More than 5 years*	209,594,701	226,202,206
Total	**422,889,592**	**427,569,032**

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

**The figures as of 31 December 2022 are restated as a result of unintentional error in the disclosure in the annual consolidated financial statements for the year ended 31 December 2022.

13. ADMINISTRATIVE EXPENSES

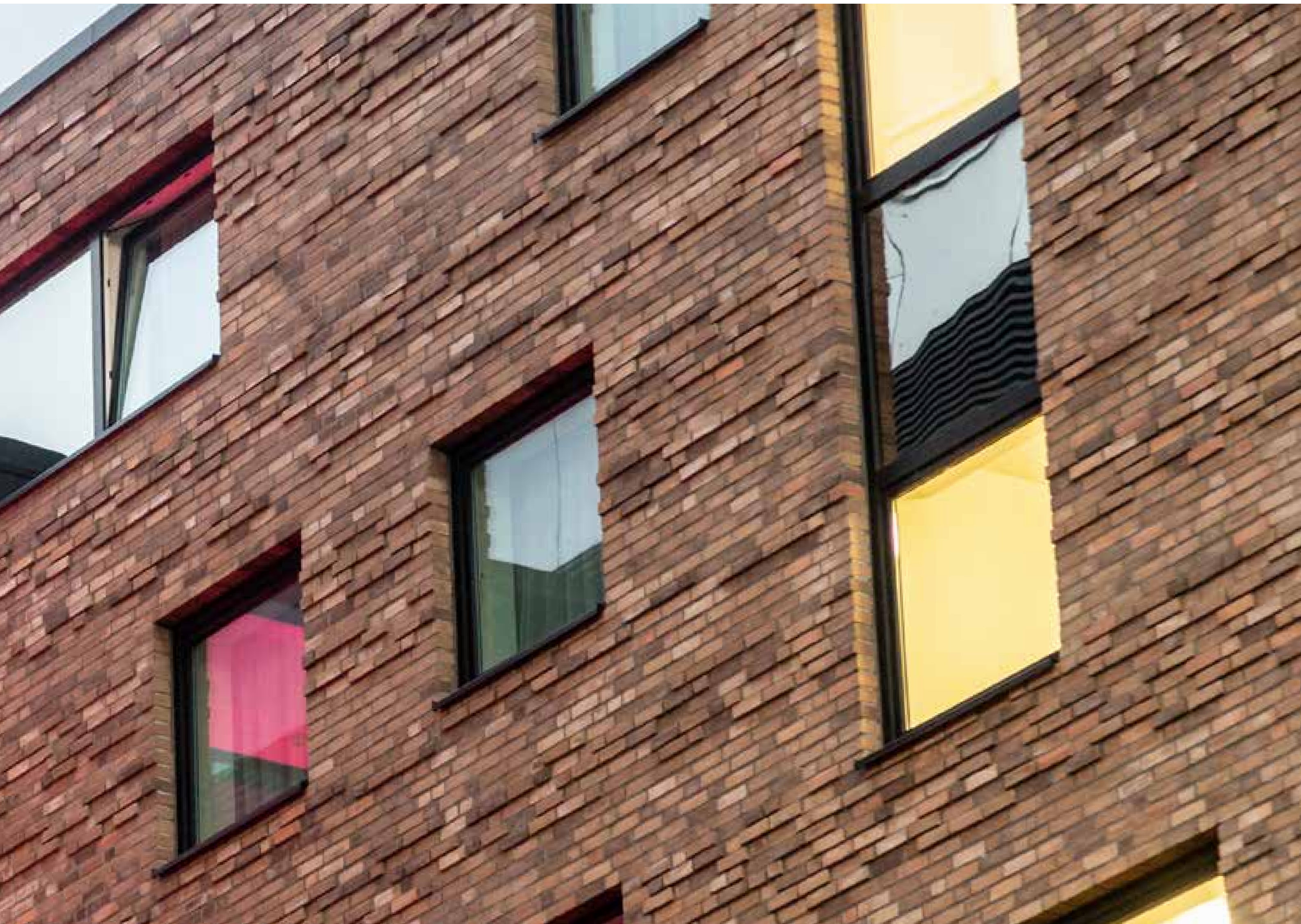
	for the year ended	
in EUR	31.12.2023	31.12.2022
Professional and administration fees	3,148,647	2,639,304
Salaries and social charges	134,677	64,631
Total	**3,283,324**	**2,703,935**

14. OTHER INCOME

in EUR	for the year ended 31.12.2023	31.12.2022
Income on adjustment of purchase price of investment property acquired in prior periods (2023: Lass 1, 2022: SALZ 4)	2,171,625	43,382
Reverse of impairment for Eurobonds	88,533	136,823
Other miscellaneous income	294,465	943,797
Total	**2,554,623**	**1,124,002**

In the reporting period, the Group recognized income on performance related price adjustment for investment property Lass 1. Final price of the property will be determined at the end 2024 based on its achieved rental status. The receivable on price adjustment was set off against payable for the construction works on the property that were executed by the affiliate company of the seller under construction agreement.
In 2022, the Group recognized income on final purchase price adjustment on property SALZ4.

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



15. OTHER EXPENSES

	for the year ended	
in EUR	31.12.2023	31.12.2022
Other taxes and duties	631,890	104,848
Impairment of goodwill	436,028	–
Loss on adjustment of purchase price of investment property acquired in prior periods (QBC 1,2,7)	87,391	–
Depreciation	2,795	2,738
Other miscellaneous expenses	49,624	128,126
Total	**1,207,728**	**235,712**

Other taxes and duties represent mainly the Company's non-recoverable VAT.

16. FINANCE INCOME

	for the year ended	
in EUR	31.12.2023	31.12.2022
Gain on early termination of interest rate SWAP	18,211,782	–
Interest income on loans provided to the former Russian segment	1,768,208	134,794
Interest unwind on deferred consideration from the former Russian segment	765,038	–
Interest income on Eurobonds	15,738	11,439
Other finance income	1,469	2,167
Total	**20,762,235**	**148,400**

In September 2023, the Group signed Termination, Pay-Off and Security Release Agreement with UniCredit Bank Austria AG and made an early repayment of loans provided to QBC Immobilien GmbH & Co Alpha KG and QBC Immobilien GmbH & Co Omega KG (QBC 1&2) and QBC IMMOBILIEN GMBH & CO DELTA KG (QBC 4). On repayment, the Group also paid a business distance fee of EUR 0.79 million (see Note 17) and received compensation for the termination of the interest SWAP, attached to the respective loans, at fair value, net of fees, for EUR 18.22 million. At inception of the loans, the Group accounted for the loans and embedded interest SWAP derivative as a whole instrument, that is not recognizing the derivative as a separate asset or liability at once but recognizing its effect in each period when interest on the loans was charged. Upon realization of the interest SWAP at termination of the loan agreements, the Group recognised profit of EUR 18.21 million.

17. FINANCE COSTS

	for the year ended	
in EUR	31.12.2023	31.12.2022
Interests on bonds issued	10,181,321	13,203,554
Interest on notes payable	1,501,913	9,696,387
Interest on loans payable	2,310,688	1,944,302
Interest on bank loans	3,454,151	2,664,729
Bank charges	427,613	926,963
Bank fee for early termination of loan	790,000	–
Other finance cost	7,031	197,057
Allocation of interest on corporate debt to discontinued operations	–	– 9,696,387
Finance cost directly attributable to discontinued operations	– 3,394,966	– 2,595,602
Total	**15,277,751**	**16,341,003**

Total interest on notes payable in the reporting period amounted to EUR 1.5 million (2022: EUR 12.10 million), including EUR 1.5 million (2022: EUR 9.70 million) recognized in the statement of profit and loss as interest expense and EUR nil million (2022: EUR 2.41 million) capitalized in the investment property LASS 1 (refer to Note 4.1).

The bonds and notes were issued by the company, EPH PLC ('the corporate debt'). Until December 2022, the funds were utilized by the subsidiaries of the Group via intra-group finance. In December 2022, subsidiary in disposal group, Lenbury, accepted the debt of the company under the notes, thus, it started to bear directly attributable finance costs. Management allocated interest expense on the corporate debt for the period 1 January 2022 till acceptance of the debt by Lenbury in December 2022 to discontinued operations based on ratio 42% (discontinued operations) / 58% (continuing operations), which best reflects actual utilization of the funds by the respective operations of the Group.

Bank fee for early termination of loan of EUR 0.79 million relates to early repayment of loans to UniCredit bank by QBC4 and QBC 1&2 entities. Refer to Note 10.2.

18. TAXATION

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

TAXATION IN GERMANY

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

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

TAXATION IN AUSTRIA

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

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

TAXATION IN CYPRUS

The Group's subsidiaries in Cyprus are liable for income tax in Cyprus at 12.5% rate payable on the taxable profit calculated as the difference between taxable income and tax deductible expenses incurred by the companies in connection with the permanent establishment. Under certain conditions interest income may be subject to defence contribution at the rate of 30% (reduced to 17% as of 1 January 2024). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%. Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

TAXATION IN RUSSIA (DISCONTINUED OPERATIONS)

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

- 20% payable on the taxable profit calculated as the difference between rental income and tax deductible expenses incurred by the companies in connection with the permanent establishment (therefore the Russian corporate tax rate is used for income tax reconciliation);
- The dividends are subject to income tax at 15% rate
- Property tax is calculated on the base of cadastral value of the properties. The rate of tax is set by reginal authorities on a regular basis; for the Group's properties the rates are equal to 2.0% in 2023, 1.9% in 2022.

Income taxes

The major components of income tax expense for the years ended 31 December 2023 and 2022 are:

	for the year ended	
in EUR	31.12.2023	31.12.2022
Current income tax expense	– 3,281,983	– 7,081,700
Deferred income tax benefit/(expense)	9,446,702	9,069,983
Total income tax benefit/(expense)	**6,164,719**	**1,988,283**
Attributable to continuing operations		
Current income tax expense	– 1,349,406	– 139,459
Deferred income tax benefit/(expense)	14,689,967	– 3,458,071
Total income tax benefit/(expense)	**13,340,561**	**– 3,597,530**
Attributable to discontinued operations		
Current income tax expense	– 1,932,577	– 6,942,241
Deferred income tax (expense)/benefit	– 5,243,265	12,528,054
Total income tax (expense) / benefit	**– 7,175,842**	**5,585,813**

Reconciliation between income tax expense/benefit and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2023 and 2022 is given below

in EUR	for the year ended 31.12.2023	31.12.2022
Profit / (loss) before tax attributable to		
Continuing operations	– 72,373,077	7,588,987
Discontinued operations	– 96,090,689	– 2,456,769
(Loss)/profit before tax	**– 168,463,766**	**5,132,218**
Income tax at applicable tax rate (refer to the table below)	34,423,350	– 2,910,203
Effect of non-deductible expenses net of non-taxable income	– 30,727,065	– 404,158
Adjustment to income tax related to prior periods	424,611	– 2,934,431
Recognition of previously unrecognised deferred tax assets	–	6,307,060
Unrecognised deferred tax assets related to current period	– 1,490,740	–
Derecognition of deferred tax assets related to prior periods	– 1,710,182	–
Effect of tax rates in other jurisdictions	5,244,745	1,930,015
Income tax benefit	**6,164,719**	**1,988,283**

In 2023, average effective tax rate for the Group is 3% (2022: 39%). Average effective rate difference was mainly impacted by non-deductible losses on disposal of the discontinued operations (Note 9.4). The breakdown of applicable tax rates for the years 2023 and 2022, is given below.

in EUR	for the year ended 31.12.2023				
	Austria	Germany	Cyprus (headquarters)	Russia (Discontinued operations)	Total
Portion of profit/(loss) before tax attributable to jurisdiction for the purposes of reconcili-ation of income tax rate	– 54,589,140	– 34,538,029	7,131,806	– 86,468,403	– 168,463,766
Applicable tax rate for a jurisdiction	23.00%	15.83%	12.50%	20.00%	–
Income tax at applicable tax rate	12,555,502	5,465,643	– 891,476	17,293,681	34,423,350
Effect of non-deductible expenses net of non-taxable income	624,290	– 2,062,603	472,896	– 29,761,648	– 30,727,065
Adjustment to income tax related to profits of prior periods	–	356,101	–	68,510	424,611
Derecognition of deferred tax assets of prior periods	–	– 1,710,182	–	–	– 1,710,182
Unrecognised deferred tax assets for the period	– 1,020,848	– 469,892	–	–	– 1,490,740
Effect of tax rates in other jurisdictions	–	21,130	–	5,223,615	5,244,745
Income tax benefit/ (expense)	**12,158,944**	**1,600,197**	**– 418,580**	**– 7,175,842**	**6,164,719**
Actual income tax rate	**22%**	**5%**	**6%**	**(8%)**	**4%**

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

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

in EUR	As of 1 January 2023	Disposal of subsidiary	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	CTA	As of 31 December 2023
Deferred tax assets						
Due to losses available for offset against future taxable income	11,997,241	– 444,993	– 3,015,320	–	– 63,455	8,473,473
Due to change in FV of financial assets at FVOCI	25,264	–	– 19,228	– 6,036	–	–
Net against deferred tax liability	– 11,484,463	–	8,016,786	–	–	– 3,467,677
Deferred tax assets recognised	**538,042**	**– 444,993**	**4,982,238**	**– 6,036**	**– 63,455**	**5,005,796**
attributed to						
continuing operations	25,264	–	4,986,568	– 6,036	–	5,005,796
disposal group	512,778	– 444,993	– 4,330	–	– 63,455	–
Deferred tax liability						
Due to fair value adjustment to investment property	– 133,088,045	79,306,083	12,481,250	–	11,418,854	– 29,881,858
Net against deferred tax asset	11,484,464	–	– 8,016,786	–	–	3,467,678
Deferred tax liabilities recognised	**– 121,603,581**	**79,306,083**	**4,464,464**	**–**	**11,418,854**	**– 26,414,181**
attributed to						
continuing operations	– 36,117,580	–	9,703,399	–	–	– 26,414,181
disposal group	– 85,486,000	79,306,081	– 5,238,935	–	11,418,854	–
Deferred tax liabilities net	**– 121,065,539**	**78,861,090**	**9,446,702**	**– 6,036**	**11,355,399**	**– 21,408,385**
attributed to						
continuing operations	– 36,092,316	–	14,689,967	– 6,036	–	– 21,408,385
disposal group	– 84,973,222	78,861,088	– 5,243,265	–	11,355,399	–

in EUR	As of 1 January 2022	Disposal of subsidiary	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	CTA	As of 31 December 2022
Deferred tax assets						
Due to losses available for offset against future taxable income	2,745,217	– 214,840	9,218,796	–	248,068	11,997,241
Due to change in FV of financial assets at FVOCI	7,599	–	19,228	– 1,563	–	25,264
Net against deferred tax liability	– 2,324,632	–	– 9,159,831	–	–	– 11,484,463
Deferred tax assets recognised	**428,184**	**– 214,840**	**78,193**	**– 1,563**	**248,068**	**538,042**
attributed to						
continuing operations	7,599	–	19,228	– 1,563	–	25,264
disposal group	420,585	– 214,840	58,965	–	248,068	512,778
Deferred tax liability						
Due to fair value adjustment to investment property	– 124,430,812	1,356,169	– 168,041	–	– 9,845,361	– 133,088,045
Net against deferred tax asset	2,324,633	–	9,159,831	–	–	11,484,464
Deferred tax liabilities recognised	**– 122,106,179**	**1,356,169**	**8,991,790**	**–**	**– 9,845,361**	**– 121,603,581**
attributed to						
continuing operations	– 32,639,003	–	– 3,477,298	–	– 1,279	– 36,117,580
disposal group	– 89,467,177	1,356,169	12,469,090	–	– 9,844,082	– 85,486,000
Deferred tax liabilities net	**– 121,677,995**	**1,141,329**	**9,069,983**	**– 1,563**	**– 9,597,293**	**– 121,065,539**
attributed to						
continuing operations	– 32,631,404	–	– 3,458,070	– 1,563	– 1,279	– 36,092,316
disposal group	– 89,046,592	1,141,329	12,528,055	–	– 9,596,014	– 84,973,222

Tax losses have been recognised as a Deferred Income Tax Asset as it is probable that taxable profit will be available against which the unused tax losses can be utilised. As of 31 December 2023, the available tax losses capable of being carried forward can be offset against taxable profits.

The Group has unrecognised tax losses of EUR 32.51 million (31 December 2022: EUR 25.76 million) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The amount as of 31 December 2022 is restated because of the unintentional mistake made in the previous annual financial statements (amount previously disclosed as at 31 December 2022: EUR 2.09 million).

The tax losses have no expiry date.

Deferred tax liabilities represent temporary differences resulting from excess of fair values of properties City Gate, Work Life Center, QBC 1,2,4,7, LASS1 over their tax values.

19. EARNINGS PER SHARE

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

The following reflects the income and share data used in computations of the Basic and Diluted Earnings per Share for continuing operations, discontinued operations and total operations. The comparative figures for prior period were re-presented to disclose the earning per share for continuing and discontinued operations.

	for the year ended	
in EUR	31.12.2023	31.12.2022
Earnings per share for (loss)/profit from continuing operations of the Company		
Net (loss)/profit from continuing operations attributable to shareholders	– 56,987,429	3,556,404
Weighted average number of ordinary shares outstanding	14,317,616	14,321,074
Earnings per share (EUR per share)	**– 3.98**	**0.25**

	for the year ended	
in EUR	31.12.2023	31.12.2022
Earnings per share for (loss)/profit from discontinued operations of the Company		
Net loss from discontinued operations attributable to shareholders	– 103,266,531	3,129,044
Weighted average number of ordinary shares outstanding	14,317,616	14,321,074
Earnings per share (EUR per share)	**– 7.21**	**0.22**

	for the year ended	
in EUR	31.12.2023	31.12.2022
Earnings per share		
Net (loss)/profit attributable to shareholders	– 160,253,960	6,685,448
Weighted average number of ordinary shares outstanding	14,317,616	14,321,074
Earnings per share (EUR per share)	**– 11.19**	**0.47**

20. SHAREHOLDERS' EQUITY

20.1 Authorized Capital

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

	Number of ordinary shares		Number of series A preferred shares	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
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	6,590,978	1,000,000	1,000,000
Closing balance unissued authorised capital with par value	**6,590,978**	**6,590,978**	**1,000,000**	**1,000,000**

	Number of ordinary shares		Number of series A preferred shares	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Issued share capital with par value				
Opening balance	14,409,022	14,409,022	–	–
Closing balance	**14,409,022**	**14,409,022**	**–**	**–**

	Number of treasury shares	
	31.12.2023	31.12.2022
Treasury shares		
Opening balance	89,565	84,741
Purchase	3,398	4,835
Sales	331	11
Closing balance	**92,632**	**89,565**

20.2 Share capital and share premium repartition

All of the Company's ordinary and preferred shares had been authorised and issued without par value.
As of 31 December 2023 and 2022, issued share capital of the Company consists of 14,409,022 ordinary shares with par value, totaling EUR 12.72 million; share premium amounts to EUR 668.72 million. Share premium can only be resorted to for limited purposes which do not include the distribution of dividends and otherwise subject to the provisions of the Cyprus Company Law on reduction of share capital.

20.3 Change of the denomination of share capital from US$ to EUR

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

20.4 Treasury shares

After redomiciliation to Cyprus in 2022, the Company is the subject to the Cyprus Company Law (the 'Law'). According to the Law, a public company that purchased its own shares, may hold such shares for up to a period of two years. The Law is silent on and does not expressly provide in what manner such a public company may deal with such shares after the aforementioned period of two years. By taking into account the Law as well as guidance from the UK law, management concluded that the Company must either dispose of such shares (i.e. allot the shares) or cancel such shares by way of reducing its share capital following the relevant procedure laid down by the Law (which, inter alia, requires sanctioning of the reduction by the Court). Subsequent to the reporting date, the Company sold its treasury shares. Refer to Note 24.2 for details.

20.5 Other reserves

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

20.6 Cumulative translation adjustment (“CTA”)

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

On disposal of Russian segment of the Group (Note 9) in the reporting period and in December 2022, the cumulative amount of the exchange differences relating to the segment, recognised in other comprehensive income and accumulated in the CTA, was reclassified from equity to profit or loss (as a reclassification adjustment) when loss on disposal was recognized for the amount EUR 162.76 million (2022: EUR 13.65 million).

Remaining balance as of 31 December 2023 of EUR 0.75 million represents translation difference recognised on the change in the functional currency of the parent Company from US$ to EUR as of 1 January 2022 and related to investment in European subsidiaries of the Group.
As of 31 December 2023, all of the Group subsidiaries have Euro as functional currency.

20.7 Dividends

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Cyprus Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65%, when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile. Accumulated deficit of the Company’s stand-alone accounts is EUR 179.13 million as of 31 December 2023 (31 December 2022: EUR 194.45 million). No dividend was paid during reporting period (2022: nil).

21. RELATED PARTY TRANSACTIONS

21.1 Subsidiaries

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

			% Holding	
Name of subsidiary	Incorporated in	Relation to disposal group	31.12.2023	31.12.2022
Lenbury Enterprises Limited	Nicosia, Cyprus	included	0%	100%
Housefar Limited	Nicosia, Cyprus	included	0%	100%
Idelisa Limited	Limassol, Cyprus	included	0%	100%
Connecta GmbH & Co. KG	Munich, Germany	included	0%	100%
EPH Real Estate Limited	Nicosia, Cyprus	included	0%	100%
PNL Media Limited	Nicosia, Cyprus	included	0%	100%
Capital Estate Group Limited	Nicosia, Cyprus	included	0%	100%
Lexworth Finance Limited	Nicosia, Cyprus		100%	100%
Ferran Limited	Nicosia, Cyprus		100%	100%
Setford Limited	Nicosia, Cyprus		100%	100%
Andorian Beteiligungsverwaltungs GmbH	Vienna, Austria		100%	100%
QBC BT IV Alpha GmbH	Vienna, Austria		100%	100%
QBC BT IV Beta GmbH	Vienna, Austria		100%	100%
Obewan Beteiligungsverwaltungs GmbH	Vienna, Austria		100%	100%
Ophuhus Beteiligungsverwaltungs GmbH	Vienna, Austria		100%	100%
Obewan GmbH &Co KG	Vienna, Austria		100%	100%
Asura Holding S.a.r.l.	Luxembourg		100%	100%
SG4 Dresden Holding GmbH	Frankfurt am Main, Germany		100%	100%
QBC 1,2,7 Holding GmbH	Vienna, Austria		100%	100%
QBC Immomanagement SP Alpha GmbH	Vienna, Austria		100%	100%
QBC Immomanagement SP Omega GmbH	Vienna, Austria		100%	100%
QBC Immobilien GmbH	Vienna, Austria		100%	100%

Subsidiaries, included in the disposal group, were sold on 19 April 2023 to third parties. Refer to Note 9 for detail. Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this Note.

21.2 Categories of related parties of the Group

Related parties include shareholders, key management personnel and other related parties having significant influence on the Group. The Company and its subsidiaries, in the ordinary course of their business, enter into various sale, purchase and service transactions with related parties. The Company issued subordinated registered notes to its shareholders in prior and reporting periods. In 2022, the liability on notes was assigned from the Company to subsidiary Lenbury Enterprises Limited (Note 9).

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

Nature of transactions with Valartis Group

Real estate advisory agreements

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

Other transactions

- Valartis Group's entity rented out office space to Redhill Investment Limited (disposed of the Group in 2022);
- Valartis Group's entities leased office space at Berlin House owned by Connecta KG and at Polar Lights owned by Tengri LLC (both entities were part of the Russian segment);
- Valartis Group's entity concluded the agreement for administrative and consulting services to German and Austrian subsidiaries of the Company starting 2020 year ;
- Valartis Group's entity delivers various financial consulting and administrative services to the Company on specific cases (acquisitions of projects, refinancing of debt).

The services and rents are provided on market terms.

21.3 Balances with related parties

The Group's related party balances as of 31 December 2023 and 31 December 2022 consisted of the following:

in EUR	31.12.2023	31.12.2022
Other related parties:		
Accounts payable and accrued expenses	– 38,036	– 328,080
Liabilities directly associated with assets held for sale	–	– 68,736
Shareholders:		
Liabilities directly associated with assets held for sale	–	– 426,100,000

21.4 Transactions with related parties

The Group's transactions with related parties for the period ended of 31 December 2023 and 2022 consisted of the following:

	for the year ended	
in EUR	31.12.2023	31.12.2022
Other related parties:		
Continuing operations		
Management fees	– 1,671,074	– 1,579,975
Advisory services	– 203,849	–
Discontinued operations		
Gross rental income	85,883	345,258
Management fees	– 451,942	– 2,003,194
Other expenses	–	– 9,993
Salaries	– 7,397	– 342,811
Shareholders:		
Finance costs	– 1,501,913	– 9,696,387

21.5 Transactions and balances with key management personnel

Compensation to the board of directors amounted to EUR 235.59 thousand in the reporting period (2022: EUR 268.1 thousand). It is presented in line Administrative expenses in the statement of profit or loss. Compensation prepaid as at 31 December 2023 amounts to EUR 20.2 thousand (31 December 2022: EUR 71.7 thousand). It is presented in line Prepayments in the statement of financial position.

The Group pays remuneration to the members of the Management Committee, presented as salary (2023: EUR 97.64 thousand; 2022: EUR 42.85 thousand) and consulting fees (2023: EUR 10.0 thousand; 2022: nil) in line Administrative expenses in the statement of profit or loss.
Refer to section Corporate Governance, p. 5 for the disclosure of annual remuneration on individual basis.

Board of the directors:

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

22. CONTINGENCIES AND COMMITMENTS

22.1 Legal proceedings

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

22.2 Pledges

The Group's assets are pledged to secure borrowings of the Group (refer to Note 10):

- Investment property SALZ 4 for EUR 44.30 million (31 December 2022: investment properties QBC 1&2, SALZ4 for the total amount EUR 291.79 million);
- Current rental receivables for the amount of EUR 0.13 million and future rental receivables of investment property SALZ 4 (31 December 2022: current rental receivables of EUR 0.44 million of QBC1&2, SALZ4 and their future receivables);
- 31 December 2022: shares in subsidiaries QBC Immobilien GmbH&Co Delta KG, QBC Immobilien GMBH & CO Omega KG , QBC Immobilien GMBH & CO Alpha KG. The loans were repaid in the reporting period.

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

22.3 Capital commitments

In June 2020, the Group signed a general construction agreement for the amount of EUR 50 million for construction and refurbishment works at newly acquired property LASS 1 in Vienna. EUR 1.53 million are outstanding as of 31 December 2023 (31 December 2022: EUR 2.13 million).

22.4 Military conflict in Ukraine

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the military conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

The European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian and Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevents them from entering or transiting through the relevant territories. The Republic of Cyprus has adopted the United Nations and European Union measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future.

Uncertainty regarding global supply of commodities due to the conflict has caused immediate volatility in global stock markets, and consequences are anticipated in relation to the cost and availability of energy and natural resources, particularly within Europe. There is a risk that the war could escalate and directly involve NATO countries.

Direct and indirect impact on the Company and long-term economic consequences largely depend on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets. Disposal of the Russian operations had a positive impact on reducing the Group's exposure to the risks coming from the operations in the region, limiting it to the credit risk of the remaining receivables from the buyer (US$ 46.32 million, in nominal value) and loans receivable from the former Russian segment (EUR 45.95 million, gross with impairment provision). In assessing of the estimated credit loss on these loans and receivables, management considered potential negative scenarios. Refer to Notes 2.6.2 and 6.1 for detail. It is difficult to isolate from other factors the impact of the conflict on the valuation of fair value of the investment property; the overall fall in fair value of the investment property at the year-end is caused to some extent by the repercussions of the conflict. Current operating performance of the Group's properties in Europe continue to demonstrate stable growth. Management cannot judge on the future potential negative impact of the conflict on the global economy and major financial markets as well as on EPH properties but, as per the most recent assessment, impacts on the Group's operating performance and cash flows are considered as not material.

23. FINANCIAL INSTRUMENTS

23.1 Classes and categories of financial instruments and their fair values

The following table combines information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- the fair value hierarchy for financial instruments measured at fair value.

The information for balances as of 31 December 2023 in the table above and further below in Note 24 refers to the risk exposure of the continuing operations of the Group, if not specified other. Comparative figures for 31 December 2022 are not re-presented and disclose risk exposure including disposal group which best reflects the changes in respective risk exposure.

	measurement category	fair value hierarchy	carrying amount	
in EUR			31.12.2023	31.12.2022
Non-current financial assets				
Eurobonds	FVOCI	Level 1	1,512,332	1,543,565
Loans	amortised cost		70,509,379	38,533,530
Cash security deposits received from tenants	amortised cost		1,523,335	998,156
Receivable from sellers of investment properties	FVTPL	Level 3	867,563	1,910,075
Current financial assets				
Receivable from sellers of investment properties	FVTPL	Level 3	150,000	1,470,718
Accounts receivable	amortised cost		5,166,023	3,163,416
Cash and cash equivalents	amortised cost		80,066,732	190,161,794
Non-current financial liabilities				
Borrowings	amortised cost		– 269,574,287	– 343,885,954
Tenant deposits	amortised cost		– 1,591,699	– 1,064,153
Current financial liabilities				
Borrowings	amortised cost		– 170,119,074	– 248,999,441
Payables on acquisition of properties	FVTPL	Level 3	–	– 133,571
Trade payables and accrued expenses	amortised cost		– 2,388,992	– 4,774,015

The information for balances as of 31 December 2023 in the table above and further below in Note 23 refers to the risk exposure of the continuing operations of the Group, if not specified other. Comparative figures for 31 December 2022 are not re-presented and disclose risk exposure including disposal group which best reflects the changes in respective risk exposure.

23.2 Fair value hierarchy

Fair value hierarchy for the financial instruments measured at fair value is disclosed in the table in Note 23.1 Fair values of the Group's financial assets and liabilities, accounted for at amortised cost, approximate their carrying amounts except for the bonds issued:

in EUR	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	Carrying amount		Fair value	
Bonds issued	411,775,000	411,775,000	409,708,041	418,088,266

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

23.3 Financial risk management objectives

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

23.3.1 Market Risk

Foreign currency risk

As of 31 December 2023, the Group has monetary financial assets denominated in US$: receivable from the former Russian segment in the amount EUR 36.54 million. Refer to Note 6.1 for details. As of 31 December 2022, the Group had following financial assets, denominated in foreign currency:

- US$: external loan given to the former subsidiary Redhill Investment Limited in the amount EUR 38.5 million (refer to Note 6.1) and intra-group loans in the amount EUR 3.4 million issued by the Company to the Russian subsidiaries of the Group;
- RUB: intra-Group loans issued by the Company to the Russian subsidiaries. In the reporting period, the loans in US$ and RUB were converted to EUR, or settled.

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

	Liabilities	Assets
	31.12.2023	31.12.2023
US$	–	36,543,136
RUB	–	–
	31.12.2022	31.12.2022
US$	–	41,976,771
RUB	–	2,618,516

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 1 per cent appreciation of EUR against US$ (2022: a 10 and 1 per cent appreciation of EUR against RUB and US$, respectively). This percentage is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10 and 1 per cent change in the respective foreign currency rate.

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

in EUR	1% appreciation of EUR/US$ impact	10% appreciation of EUR/RUB impact
	31.12.2023	
Loss	– 365,431	–
	1% appreciation of EUR/US$ impact	10% appreciation of EUR/RUB impact
	31.12.2022	
Loss	– 419,768	– 261,852

Cash flow interest rate risk

All of the Group's interest-bearing financial instruments have fixed interest rates, except for bank loans at some entities. Refer to Note 10.3.

Fair value interest rate risk

The Group does not have any financial instruments with fixed interest rates that are accounted for at fair value through profit or loss as of 31 December 2023 and 2022. Hence, change of interest rate would not have any impact on the Group's profit or loss.

Interest rate sensitivity analysis

Bank loans of Group subsidiaries have interest rates that include fixed and variable part that derives from EURIBOR index. The loans provide for SWAP agreement, limiting range of fluctuation in the variable index: positive change in the index over the limit will not have any impact on the Group's profit or loss; downward change of the index below zero is charged as a SWAP interest. In the reporting period, three of four loans with the

SWAP agreement were fully repaid with SWAP agreement terminated. Refer to Note 10.2.

0.1% increase in the index (or the opposite, 0,1% change below zero) would decrease Group's profit by EUR 0.02 million (2022: EUR 0.17 million). The upper limits for the loans are given below:

Bank loan	nominal interest (variable index+fixed rate)	Interest rate SWAP	
		31.12.2023	31.12.2022
UniCredit - QBC4 loan	3M EURIBOR +1,125%	n/a	0.119%
UniCredit - QBC1&2 loans	3M EURIBOR +1,3%	n/a	0.258%
UniCredit - SALZ4 loan	1M EURIBOR +1,05%	1.040%	1.040%

23.3.2 Credit risk

The Group's credit risk arises from cash and cash equivalents, deposits with banks, interest bearing financial instruments, as well as rents and other receivables from tenants and accounts receivable in general, including receivables from sellers of investment properties. Refer to Note 6 for details.

Credit risk related to rental payments is mitigated by requiring tenants to pay rentals in advance, provide rental security deposits or bank guarantees. The Group has policies in place to monitor its exposure to non-payment of rents by its tenants, including pre-screening prior to signing leases, careful monitoring of rental receipts, and efforts to collect rents or terminate leases before receivables become substantial.

Receivables from sellers of investment property represent financial guarantees issued either by sellers or by reputable financial institutions in respect of the properties acquired in 2020. Outstanding balance of the receivables is taken into account in negations over the final adjustment to purchase price for the property to be paid or returned; thus, credit losses, if there are any, will be addressed and remedied in the final adjustment. The maximum exposure to credit risk at the reporting date is the carrying amount of cash and cash equivalents, Eurobonds and loans given (31 December 2022: EUR 152.09 million, 31 December 2022: EUR 230.24 million).

The Group holds significant cash deposits and current accounts at well-known reputable banks Raiffeisen Bank (Austrian entities), Postbank, UniCredit and VP Bank (Germany), Bank von Roll and Cramer Bank (the Company). Management monitors creditworthiness of the banks on a regular basis. The Eurobonds are issued by the European companies and have high credit ranking. The Eurobonds issued by the companies affiliated with the Russian state, are not included into credit ratings. The Eurobonds are measured at fair value with changes recorded in the statement of other comprehensive income. Impairment allowance that represents estimate of extra credit risk, not reflected in the market value adjustment, is recognized in the statement of profit or loss. In 2021, management estimated the risk on debentures of the companies related to the Russian state as significant and recognised impairment allowance equal to the lifetime expected credit loss for the amount EUR 0.47 million. In 2023, entity released part of the impairment allowance in the amount EUR 0.89 million (2022: EUR 0.14 million) in the statement of profit or loss. It was counter-balanced by negative change in market value, recognized in other comprehensive income.

Interest bearing financial instruments consist of loans receivable and receivables, at amortised cost, from the former subsidiaries Lenbury Enterprises Limited and Redhill Investment Ltd. (refer to Note 6.1). As of 31 December 2023 and 2022, the loans considered to have Stage 2 of credit risk. The Group recognized impairment allowance for the amount of lifetime expected credit losses in the reporting period and previous period, in continuing operations (31 December 2023: EUR 11.98 million, 31 December 2022: EUR 22.6 million). During the reporting period, the loans for the amount of EUR 47.34 million were repaid (2022: nil) or settled against liabilities (2023: EUR 1.80 million, 2022: nil).

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

There is no concentration of credit risk on rent receivables as of 31 December 2023 and 31 December 2022.

23.3.3 Liquidity risk

Management monitors rolling forecasts of the Group's liquidity on the basis of expected cash flow. The table below shows liabilities as at 31 December 2023 and 31 December 2022 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Foreign currency payments are translated using the exchange rate at the reporting date.

in EUR	Less than 1 Month	1 to 6 months	6 to 12 months	1 to 2 Years	2 to 5 Years	More than 5 Years	Total
31.12.2023							
Liabilities							
Borrowings	1,456,960	127,223,227	52,263,952	17,311,438	283,123,922	16,416,044	497,795,543
Tenant deposits	–	–	–	–	–	1,591,699	1,591,699
Trade and other payables	–	2,388,992	–	–	–	–	2,388,992
Total	**1,456,960**	**129,612,219**	**52,263,952**	**17,311,438**	**283,123,922**	**18,007,743**	**501,776,234**

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

23.4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, limit spending on future acquisitions of properties and capex level or sell assets to reduce debt. Management is and will continuously monitor business performance to ensure the ability to act proactively in case of any unforeseen future downturns in the economy.
Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. As at 31 December 2023 and 2022, the Group's gearing ratio is given in the table below.

Net Debt, EUR	31 December 2023	31 December 2022
Non-current borrowings	269,574,287	343,885,954
Current borrowings	170,119,074	248,999,441
Borrowings directly attributable to assets held for sale	–	433,528,397
Cash & cash equivalents	– 80,066,732	– 190,161,794
Cash & cash equivalents in assets held for sale	–	– 12,402,493
Total	359,626,629	823,849,505
Total Capital, EUR		
Shareholders equity	500,942,111	526,564,516
Net debt	359,626,629	823,849,505
Total	860,568,740	1,350,414,021
Gearing ratio (Net debt divided by Total Capital)	41.79%	61.01%

24. SUBSEQUENT EVENTS

24.1 Acquisition of hotel property Trois Couronnes

On 16 January 2024, the Company acquired 2200 registered shares with par value of CHF 3,750 each in Société de l'Hôtel des Trois Couronnes, à Vevey, SA. The Shares represent 100% of the entity's share capital. The seller is a related party of Valartis Group.

The entity owns the 5* Hotel Des Trois Couronnes ("3C"). The Hotel currently features 71 guest rooms (3 single, 43 doubles and 25 suites, a MICHELIN star restaurant, one bar/restaurant, 7 conference rooms, and a spa (which includes an indoor pool, sauna, hammam, 9 treatment rooms, a fitness center). The property extends over 6 floors (including lake-level floor, a ground floor and 4 room storeys). The historic property was originally developed in 1842 on the foundations of a medieval castle.

The property has been acquired on market terms. The acquired assets and liabilities constitute a business and are accounted for in accordance with IFRS 3, based on the following considerations. The acquired set has outputs (revenues from room rents and hospitality services) and includes both inputs (tangible fixed assets, competent team of 70 full-time employees), and processes (strategic and operating management in place and ability to obtain access to necessary resources). The organised workforce has necessary skills, knowledge, or experience to perform processes (i.e., operational and resource management processes associated with operating the acquired hotel) that are substantive because they are critical to the ability to continue producing outputs when applied to the acquired inputs. Given the limited time since the acquisition date and the size and complexity of the transaction, the Group is working through the accounting under IFRS 3 Business Combinations and is able to only provide the provisional estimate of the fair value of net assets acquired and resulting goodwill at the date of this report (translated at rate 0.93 CHF/EUR).

in EUR	16 January 2024
Assets	
Building and equipment	53,336,388
Trade and other receivables	480,423
Other assets	312,862
Cash and cash equivalents	254,325
Total assets	**54,383,998**
Liabilities	
Borrowings	32,606,602
Accounts payable and accrued expenses	1,263,638
Total liabilities	**35,493,764**
Total identifiable net assets at fair value	**18,890,234**
Repayment of loans due to the former shareholder	–
Total identifiable net assets at fair value after repayment	**18,890,234**
Goodwill arising on acquisition	1,623,525
Purchase consideration	– 20,513,759
thereof paid in cash	19,458,345
deferred consideration	1,055,414
Analysis of cash flows on acquisition	
Net cash acquired with the subsidiaries	254,325
Cash payment for shares	– 19,458,345
Net cash outflow	**– 19,204,020**

The agreed purchase price amounted to CHF 48.31 million (EUR 51.64 million) of which CHF 30.14 million (EUR 32.27 million) were paid to settle the outstanding amount of the loans payable by 3C to the Sellers , CHF 18.17 million (EUR 19.37 million) were paid for shares and CHF 1.00 million (EUR 1.08 million) remain payable as a deferred consideration within 4-6 months after the sale, which are given to the parties to finalise the purchase price. Present value of the deferred consideration is CHF 0.99 million (EUR 1.06 million). As of the acquisition date, a deferred tax liability is recognised due to the excess of the fair value of the investment property over its tax value. Goodwill arises on acquiring an asset via a share deal, where the Group inherits the fiscal basis of the assets. As IFRS require recognition of deferred taxes on a nominal basis, while share transactions are based on market value of these taxes, a difference appeared is reflected in the goodwill. None of the goodwill is expected to be deductible for income tax purposes.

Acquisition-related costs in the amount of EUR 0.27 million (CHF 0.25 million) are recognised in the statement of profit or loss as incurred.

24.2 Sale of treasury shares

On 7 February 2024, the Company offered its treasury shares for sale and sold 80,800 shares at a price 25.6 EUR per share in total amount EUR 2,068,480 in cash to one of its major shareholders.

25. SUPPLEMENTAL RECONCILIATION AND DEFINITIONS

The KPI table above includes management performance measures which are, or may be, considered non-IFRS financial measures as defined in the rules of SIX. While EPH's management believes that the non-IFRS financial measures herein are useful in evaluating Group's operating results, this information should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with IFRS. Therefore these measures should not be viewed in isolation but considered together with the consolidated financial statements prepared in accordance with IFRS as of and for the year ended 31 December 2023 and 31 December 2022 (in part of the KPI for the year 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 listened below, represent IFRS financial measures, which can be directly identified in the financial statements.

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

"Net other operating income/(expenses)" measures financial outcome of other irregular and individually insignificant items and is determined as net result of "Other income" and "Other expenses" and "Interest income" excluding irregular items of extra-ordinary nature (see below).
"Earnings from operational activity" measures regular performance of the Group excluding current income tax and finance costs and is determined as "Operating income", as described above, less "Current income tax" and less "Finance cost". Sum of current income tax and deferred tax, not presented and disclosed separately in these financial statements, reconcile to "Income tax".

"Other extra-ordinary items" consist of material one-off transactions aside from regular business activity of the Group.
In 2023, extraordinary items include income, net of expense on performance–related adjustment of purchase price of investment property, acquired in previous periods (Notes 14 and 15); gain on early termination of interest rate SWAP (Note 16); goodwill impairment charge. In 2022, extraordinary items consist of income on final adjustment of purchase price of investment property (Note 14). In 2021, extraordinary items consist of income on final adjustment of purchase price and gain on release of real estate transfer tax provision.

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

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

"Release/ (increase) of impairment allowance for loans and receivables related to the assets sold" consist of "Release of impairment allowance/ (impairment allowance) for loans and receivables".

"Amortization of interest on zero-interest receivable" consist of the income from interest unwind on zero-interest receivables from the former subsidiaries.

"Result of discontinued operations and (losses)/gains related to measurement of receivables and loans from them" represent management measure of performance of discontinued operations and is determined as a sum of "Net profit from discontinued operations (attributable to equity holders of the Company)" and "Release/ (increase) of impairment allowance for loans and receivables related to the assets sold".

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

"Net (loss)/profit for the period before result of discontinued operations and (losses)/gains related to measurement of receivables and loans from them " represent net result of continuing operations and is determined as "Net profit/(loss) from continuing operations" excluding "Release/ (increase) of impairment allowance for loans and receivables related to the assets sold", "Fair value adjustment on financial instruments" and "Amortization of interest on zero-interest receivable" which relate to the former Russian segment. Refer to Notes 6.1 and 9.

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

26. GENERAL INFORMATION ON INVESTMENT PROPERTIES

GERMANY

as of 31.12.2023

	City Gate	WLC	STRAL 3	SALZ 4
Country		Germany		
City	Stuttgart	Hamburg	Berlin	Dresden
Address	11, Kriegsbergstrasse	1a, Gorch-Fock-Wall	3, Stralauer Allee	4, Salzgasse
Property description	Office & retail with restaurant	Office and retail with fitness	Purpose built design hotel (music theme)	Hotel
Class	A	A	4-star	4-star
Building area, sqm	26,445	12,683	28,030	15,620
Land	freehold	freehold	freehold	freehold
Net rentable area in sqm (BOMA)	**17,261**	**12,683**	**20,160**	**15,550**
office	15,408	8,782	n/a	–
retail	1 246 (incl. restaurant)	–	n/a	261
other	607	3 901 (fitness, storage, wintergarden)	20 160 (304 rooms, restaurant, spa, stage, record studios)	15 289 (180 rooms, a spa, restaurant, bar)
Parking lots				
underground	146	89	86	46
surface	–	–	39	–
Vacancy rate as a % of net rentable area	1.9%	14.3%	0.0%	0.0%
Vacancy rate as % of target rental income	1.8%	12.8%	0.0%	0.0%
Lease terms	2024-2031	2024-2033	Nov. 2035	Jan. 2030
Weighted average lease term, years	5.2	5.0	11.9	6.0

AUSTRIA

as of 31.12.2023

	QBC 1	QBC 2	QBC 4	QBC 7	LASS 1
Country			Austria		
City			Vienna		
Address	Gertrude-Fröhlich-Sandner-Str	5, Wiedner Gürtel	4, Am Belvedere	Karl Popper Straße ONr. sine	1, Lassallestrasse
Property description	Office buidling	Office buidling	Office buidling	Parking	Office building
Class	A	A	A	A	A
Building area, sqm	10,300	30,600	20,000	n/a	44,776
Land	freehold	freehold	freehold	freehold	freehold
Net rentable area in sqm (BOMA)	**9,292**	**30,062**	**17,425**	**727 units**	**29,242**
office	7,848	25,182	17,425		24,592
retail	740	3,205	–	–	3,992
other	704	1,675	–	–	658
Parking lots					
underground			71	679 car, 48 single-track vehicles parking spaces	154
surface			–	–	46
Vacancy rate as a % of net rentable area	0.00%	0.00%	0.00%	0.00%	0.31%
Vacancy rate as % of target rental income	0.00%	0.00%	0.00%	0.00%	0.13%
Lease terms	2026-2040	2026-2041	unlimited	Dec. 2038	2032; 2033; 2037; unlimited
Weighted average lease term, years	7.55	7.8	unlimited	14.62	10.4

GENERAL INFORMATION

INVESTMENT GUIDELINES

1. OBJECTIVE

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

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

2. INVESTMENTS

2.1 Real estate investments

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

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

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

2.2 Financing of Real Estate Investments

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

2.3 Participations in Companies

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

2.4 Real Estate Financing and Financial Investments

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

2.5 Other Investments

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

3. VALUATION

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

4. INVESTMENT PROCESS

4.1 Approval by the Board of Directors and Management Committee

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

4.2 Analysis

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

5. CHANGES TO, AND COMPLIANCE WITH THE INVESTMENT GUIDELINES

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

6. ENTRY INTO EFFECT

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

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


INNSIDE
BY MELIÃ

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Michael Cuthbert
Tomasz Dukala
Olga Melnikova
Gustav Stenbolt
Gerrit Straub

Management Committee
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EPH EUROPEAN PROPERTY
HOLDINGS