

**New Ukraine PE Holding
Limited**

Condensed consolidated
interim financial statements
for the six months ended 30 June 2021

*These condensed consolidated interim financial statements contain 31
pages*

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Officers and Professional Advisors

Board of Directors

Olha Turyk

Secretary

Ledra Secretaries Limited

Independent Auditors

KPMG Limited

Registered Office

16 June 1943
9 AREA A, Flat/Office 202
3022 Limassol
Cyprus

MANAGEMENT REPORT

The Board of Directors of New Ukraine PE Holdings Limited (the "Company") presents to the members its management report together with the condensed consolidated interim financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the six months ended 30 June 2021.

INCORPORATION

New Ukraine PE Holdings Limited (the "Company") was incorporated in Cyprus on 26 July 2016 as a private limited liability company under the Cyprus Companies Law, Cap. 113.

PRINCIPAL ACTIVITY AND NATURE OF OPERATIONS OF THE GROUP

The principal activity of the Group, which is unchanged from 2020, is the investing in the real estate sector in Ukraine.

FINANCIAL RESULTS

The Group's financial results for the six months ended 30 June 2021 are set out on page 5 to the condensed consolidated interim financial statements. The net profit for the six months ended 30 June 2021 attributable to the owners of the Company amounted to USD 2,393 thousand (for the six months ended 30 June 2020: profit of USD 5,223 thousand).

EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE COMPANY

The current financial position as presented in the condensed consolidated interim financial statements is not considered fully satisfactory and the Board of Directors is making an effort to increase the profit.

DIVIDENDS

During the six months ended 30 June 2021 no dividends were declared and paid by the Company.

MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in Note 11(c) to the condensed consolidated interim financial statements.

USE OF FINANCIAL INSTRUMENTS BY THE GROUP

The Group is exposed to market price risk, interest rate risk, credit risk and liquidity risk from the financial instruments it holds.

The Group's financial risk management objectives and policies are stated in Note 11(c).

MANAGEMENT REPORT *(continued)*

FUTURE DEVELOPMENTS

The Board of Directors does not expect major changes in the principal activities of the Group in the foreseeable future.

SHARE CAPITAL

There were no changes in the share capital of the Company during the six months ended 30 June 2021.

BRANCHES

During the six months ended 30 June 2021 the Company did not operate any branches.

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 30 June 2021 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the six months ended 30 June 2021.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the member of the Board of Directors.

EVENTS AFTER THE REPORTING PERIOD

Any significant events that occurred after the end of the reporting period are described in Note 13 to the condensed consolidated interim financial statements.

RELATED PARTY TRANSACTIONS

Disclosed in Note 12 to the condensed consolidated interim financial statements.

By order of the Board of Directors,

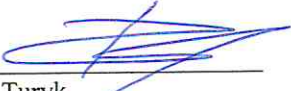
Ledra Secretaries Limited
Secretary

Nicosia, 24 September 2021



<i>(in thousands of USD)</i>	<i>Note</i>	30 June 2021 (unaudited)	31 December 2020
Assets			
Non-current assets			
Financial assets at fair value through profit or loss	5	164,471	164,502
Receivables from derivatives	8	1,421	1,696
Property, plant and equipment		4	1
Total non-current assets		165,896	166,199
Current assets			
Cash and cash equivalents	6	23,474	5,981
Trade and other receivables		25	7
Refundable tax		87	86
Total current assets		23,586	6,074
Total assets		189,482	172,273
Equity and Liabilities			
Equity			
Share capital		69	69
Share premium		64,449	64,449
Retained earnings		39,528	37,135
Total equity		104,046	101,653
Non-current liabilities			
Loans and borrowings	9	31,661	34,010
Issued bonds	7	47,471	31,697
Payables from derivatives	8	591	-
Total non-current liabilities		79,723	65,707
Current liabilities			
Loans and borrowings	9	4,606	4,375
Issued bonds	7	989	359
Trade and other payables		118	179
Total current liabilities		5,713	4,913
Total liabilities		85,436	70,620
Total equity and liabilities		189,482	172,273

On 24 September 2021 the Director of New Ukraine PE Holdings Limited approved and authorised these condensed consolidated interim financial statements for issue.



Olha Turyk

The notes on pages 8 to 31 are an integral part of these condensed consolidated interim financial statements.

New Ukraine PE Holding Limited
Condensed consolidated statement of comprehensive income for the six months ended 30 June 2021

	<i>Note</i>	Six months ended 30 June 2021 (unaudited)	Six months ended 30 June 2020 (unaudited)
<i>(in thousands of USD)</i>			
Net gain from financial assets at fair value through profit or loss		5,845	6,850
Administrative expenses		(200)	(73)
Total operating (loss)/profit		5,645	6,777
Fair value change on derivatives	8	(945)	-
Finance costs		(2,304)	(1,480)
Finance income		176	-
Profit for the period		2,572	5,297
Tax expense		(179)	(74)
Total comprehensive income for the period		2,393	5,223

The notes on pages 8 to 31 are an integral part of these condensed consolidated interim financial statements.

New Ukraine PE Holding Limited
Condensed consolidated statement of changes in equity for the six months ended 30 June 2021

	<i>Note</i>	Share capital	Share premium	Retained earnings	Total equity
<i>(in thousands of USD)</i>					
Balances at 31 December 2020		<u>69</u>	<u>64,449</u>	<u>37,135</u>	<u>101,653</u>
Total comprehensive income for the period					
Net profit		<u>-</u>	<u>-</u>	<u>2,393</u>	<u>2,393</u>
Balances at 30 June 2021		<u><u>69</u></u>	<u><u>64,449</u></u>	<u><u>39,528</u></u>	<u><u>104,046</u></u>

	<i>Note</i>	Share capital	Share premium	Retained earnings	Total equity
<i>(in thousands of USD)</i>					
Balances at 31 December 2019		<u>69</u>	<u>64,449</u>	<u>86,317</u>	<u>150,835</u>
Total comprehensive loss for the period					
Net profit		<u>-</u>	<u>-</u>	<u>5,223</u>	<u>5,223</u>
Balances at 30 June 2020		<u><u>69</u></u>	<u><u>64,449</u></u>	<u><u>91,540</u></u>	<u><u>156,058</u></u>

The notes on pages 8 to 31 are an integral part of these condensed consolidated interim financial statements.

New Ukraine PE Holding Limited
Condensed consolidated statement of cash flows for the six months ended 30 June 2021

	<i>Note</i>	Six months ended 30 June 2021 (unaudited)	Six months ended 30 June 2020 (unaudited)
<i>(in thousands of USD)</i>			
Cash flows from operating activities			
(Loss)/Profit for the year		2,393	5,223
<i>Adjustments for:</i>			
Net gain from financial assets at fair value through profit or loss		(5,845)	(6,850)
Fair value change on derivatives	8	945	-
Finance costs		2,275	1,476
Acquisition proceeds paid to Cyprus companies for the purchase of share capital of Ukrainian companies	11(b)	-	(92,104)
Loans obtained from Cyprus companies (later set-off with dividends)	11(b)		92,100
Loan granted to investee	11(b)		(5)
Loans principal received	11(b)	2,302	7,642
Interest received	11(b)	3,574	3,251
Increase of share capital of investee	11(b)	-	(450)
Tax expense		179	74
		<u>5,823</u>	<u>10,357</u>
Decrease/(increase) in trade and other receivables		(16)	(26)
Increase/(decrease) in trade and other payables		(57)	(103)
Cash from operating activities		<u>5,750</u>	<u>10,228</u>
Tax paid		(179)	(74)
Net cash from operating activities		<u>5,571</u>	<u>10,154</u>
Cash flows from financing activities			
Proceeds from bond's issue	7	16,404	-
Coupon paid	7	(965)	-
Closing of forward contract	8	(134)	
Loans and borrowings repaid	9	(2,200)	(5,000)
Finance costs paid	9	(1,183)	(1,469)
Dividends paid		-	-
Net cash flows used in financing activities		<u>11,922</u>	<u>(6,469)</u>
Net increase in cash and cash equivalents		17,493	3,685
Cash and cash equivalents at the beginning of the year	6	5,981	5,057
Cash and cash equivalents at the end of the year	6	<u>23,474</u>	<u>8,742</u>

The notes on pages 8 to 31 are an integral part of these condensed consolidated interim financial statements.

1. Incorporation, organisation and operations

New Ukraine PE Holding Limited (the “Company” or the “Parent”) was incorporated in Cyprus on 26 July 2016. The Company’s registered office is at 9 AREA A, Flat/Office 202, 3022 Limassol, Cyprus and its principal place of business is Ukraine.

As at 31 December 2020 the shareholders of New Ukraine PE Holding Limited (Cyprus) were Dragon Capital Investments Limited (Cyprus) with 21.96% ownership, the company ultimately controlled by Tomas Fiala, Dragon Capital New Ukraine Fund (Jersey) with 35.85% ownership and Sky Mundi S.À.R.L. (a shareholder not related to other shareholders) with 42.19% ownership.

In April 2021 shareholders agreement between Dragon Capital Investments Limited (Cyprus), Dragon Capital New Ukraine Fund (Jersey) and Sky Mundi S.À.R.L. was amended and minor portion of shares owned by Sky Mundi S.À.R.L. was transferred to West Street EMS Partners. The shareholders of New Ukraine PE Holding Limited (Cyprus) as at 30 June 2021 were Dragon Capital Investments Limited (Cyprus) with 21.96% ownership, the company ultimately controlled by Tomas Fiala, Dragon Capital New Ukraine Fund (Jersey) with 35.85% ownership, Sky Mundi S.À.R.L. (a shareholder not related to other shareholders) with 39.64% ownership and West Street EMS Partners (a shareholder related to Sky Mundi S.À.R.L.) with 2.55%.

Dragon Capital New Ukraine Fund (Jersey) is a Jersey limited partnership formed under the partnership agreement and as at 30 June 2021 and 31 December 2020 has the following partnership structure: Ukrainian Redevelopment Fund LP – 43%, Dragon Capital Investments Limited (Cyprus) – 42%, Suhail Salim Abdullah Al Mukhaini Bahwan – 14% and DC Partners (Jersey) Limited (which is 100% owned by Dragon Capital Investments Limited (Cyprus)) – 1%.

In accordance with the shareholders’ agreement of New Ukraine PE Holding Limited, key strategic decisions are made by the shareholders together holding more than 90% of shares in the Parent’s issued share capital.

The main activities of the Parent are investing in real estate sector in Ukraine.

As at 30 June 2021, the Parent’s investments are represented by the following projects:

- Pyramida project: shopping center with the gross leasing area equal to 15,887 sq. m.;
- East Gate Logistik project: A-class warehouse with the gross leasing area equal to 49,027 sq. m.;
- West Gate Logistik project: A-class warehouse with the gross leasing area equal to 96,221 sq. m. and associated land plot of 15 ha. (Note 4(b));
- Property Management Solutions One (“PMS One”): A-class business center “Eurasia” with the gross leasing area of 27,855 sq. m.;
- Property Management Solutions Two (“PMS Two”): A-class business center “Prime” with the gross leasing area of 8,853 sq. m. and associated land plot of 0,15 ha.

For description of the legal structure underlying these projects see Note 4(b).

The Parent provides financing to its investees either through equity or debt instruments.

NUPEH CZ s. r. o. (the “Subsidiary”) is incorporated under the legislation of the Czech Republic upon registration in the Commercial Register on 1 January 2019 under file number C 307124, held at the Municipal Court in Prague. The Subsidiary’s registered office is located at Antala Staška 1859/34, Krč, 140 00 Prague 4, Czech Republic.

The sole shareholder of the Subsidiary is the Company with 100% ownership.

The Subsidiary’s principal activity is financing activities. The net proceeds of the bonds issue were used for the purpose of intra-group loan provided by the Subsidiary to its Parent.

These condensed consolidated interim financial statements for the six months ended 30 June 2021 include the financial statements of Parent and its Subsidiary (hereinafter the “Group”).

2. Operating environment of the Group

(a) Implications of COVID-19

With the recent and rapid development of the Coronavirus disease (COVID-19) pandemic the world economy entered a period of unprecedented health care crisis that has caused considerable global disruption in business activities and everyday life.

Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments have implemented restrictions on travelling as well as strict quarantine measures throughout the year.

Industries such as tourism, hospitality and entertainment have been directly disrupted significantly by these measures. Other industries such as manufacturing and financial services have also been indirectly affected.

New entry regulations have been applied with regards to protecting the population from a further spread of the disease which tightened the entry of individuals to the Republic of Cyprus. Additionally, a considerable number of private businesses operating in various sectors of the economy had closed for a period of time while a number of lockdown measures, such as the prohibition of unnecessary movements and the suspension of operations of retail companies (subject to certain exemptions), were applied in 2020.

After the economic crisis held in 2020, in the first half-year 2021 there was a strengthening of the Ukrainian and Cyprus operating environments. The local authorities are introducing some operating restrictions from time to time, however, these restrictions allow the businesses to operate at least at the minimum level.

The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment.

Management will continue to monitor the situation closely and will assess any needs in case the period of disruption becomes prolonged.

(b) Ukrainian business environment

The Group's operations are primarily located in Ukraine. Consequently, the Group is exposed to the economic and financial markets of Ukraine, which display characteristics of an emerging market. The political and economic situation in Ukraine has been subject to significant turbulence in recent years. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Ukraine.

Additionally, an armed conflict in certain parts of the Lugansk and Donetsk regions, which started in spring 2014, has not been resolved, though military hostilities there have been subdued since 2015. Still, part of the Donetsk and Lugansk regions remains under control of the self-proclaimed republics and Ukrainian authorities are not currently able to fully enforce Ukrainian laws on this territory. Consequently, operations in selected eastern regions of the country involve risks that do not typically exist in other markets. Also, various events in March 2014 led to the annexation of the Republic of Crimea by the Russian Federation, which was not recognized by Ukraine as well as an overwhelming majority of other countries globally.

Consequently, operations in the country involve risks that do not typically exist in other markets. COVID-19 coronavirus pandemic has further increased uncertainty in the business environment.

The Ukrainian central and local governments, as part of their efforts to combat the COVID-19 pandemic, temporary restricted customers access to Ukrainian retail shopping centres for 2.5 weeks in January 2021 and then another lockdown was introduced in Kyiv from 20 March 2021 till 30 April 2021. This decision has resulted in the temporary closure of the Group's shopping and entertainment centre. However, the hypermarkets, pharmacies and some other stores located within the centre continued to operate. The Group's management took relevant measures to cut the costs and maintained positive operating cash flows.

During 6 months period ended 30 June 2021, the Ukrainian hryvnia has strengthened against US dollar, a positive indicator of the economic situation. The management of the company is already seeing consumer confidence returning, evidenced by the gradual increase in visitor numbers. As before, the strategy remains centered around improving customer experiences.

At the same time, the measures applied by the Ukrainian central and local governments did not have any significant negative impact on the financial results of the Group's two logistic centres and two business centres.

Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances related to COVID-19 pandemic. These condensed consolidated interim financial statements reflect management's assessment of the impact of the Ukrainian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

3. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 «Interim Financial Reporting» as adopted by the EU. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2020. These condensed consolidated interim financial statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The results for the six-month period ended 30 June 2021 are not necessarily indicative of the results expected for the full year.

(b) Basis of measurement

These condensed consolidated interim financial statements are prepared under the historical cost basis, except for the following material items:

Items	Measurement
Financial assets at fair value through profit or loss (including equity investments and loans receivable)	Fair value
Derivatives	Fair value

(c) Functional and presentation currency

These condensed consolidated interim financial statements are presented in thousands of US dollars (USD), which is the Company's and the Subsidiary's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

(d) Determination of functional currency

Functional currency is the currency of the primary economic environment in which the Company operates. If indicators of the primary economic environment are mixed, then management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The majority of the Company's investments, financing and transactions are denominated in US dollars. The expenses are denominated and paid in US dollars. Accordingly, management has determined that the functional currency of the Company is US dollar.

Additionally, based on the determination of the Group's management the Subsidiary does not carry out its own activities and act as limited-purpose vehicle. Activities of the Subsidiary are carried out as an extension of the Parent company, rather than being carried out with a significant degree of autonomy. Based on above the functional currency of the Subsidiary is USD and does not differ from the Parent.

(e) Use of judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent assets and liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in these condensed consolidated interim financial statements and could lead to significant adjustment in the next financial year are included in the following notes:

- Note 4(a) – Determination of investment entity criteria.
- Note 5 – Financial assets at fair value through profit or loss.

Measurement of fair values

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

Management is responsible for overseeing all significant fair value measurements, including Level 3 fair values. They review and approve significant unobservable inputs and valuation adjustments before they are included in the Company's financial statements. To assist with the estimation of fair values management, when appropriate, engage registered independent appraiser, having a recognised professional qualification and recent experience in the location and categories of the assets being valued.

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

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

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

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

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

- Note 5 – Financial assets at fair value through profit or loss.

4. Significant accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2020. A number of new standards are effective from 1 January 2021 but they do not have a material effect on the Group's financial statements.

(a) Investment entity

The Company is an investment entity as defined by IFRS and measures all of its investments at fair value through profit or loss.

In determining whether the Company meets the definition of an investment entity, management considered the following:

- The Company raised funds from its shareholders only for the purpose of making investments in the real estate sector of Ukraine.
- The Company measures and evaluates the performance of substantially all of its investments on a fair value basis.
- The Directors of the Company make only strategic decisions and approve overall direction of investing activity in order to maximise the returns to shareholders. There is no separate substantial business activity beyond earning returns from capital appreciation and investment income.
- The Company has a clear exit strategy from its real estate projects (either through sale of the properties, or through sale of shareholding rights in the entities, which own the properties). The strategy at the commencement of investment is to increase capitalisation of the real estate projects at exit in 5-7 years.

Considering the above, the Company's management determined that the Company meets the definition of investment entity in accordance with IFRS 10 *Consolidated Financial Statements* and, accordingly, the Company has not consolidated its subsidiaries – investees in real estate assets in Ukraine. The Company measures its investments in Ukrainian subsidiaries-investees at fair value through profit or loss (Note 4(b)). Such approach provides a fair and transparent view on the Company to the Company's shareholders and stakeholders.

Though the loans from investees are nominal loans (the Company at its capacity of the shareholder may amend any terms of the loans including modification to convert loans in full or in part into equity), the Company elected to measure loans receivable from its investees at fair value through profit or loss (Note 4(c)). All these assets are presented within financial assets at fair value through profit or loss in the Company's statement of financial position.

At the same time, financial data of NUPEH CZ s. r. o. are included in these financial statements on a consolidation basis because the main purpose and activities of the Subsidiary are providing financial services that relate to the investment entity's investment activities and the Subsidiary does not itself qualify as an investment entity.

(b) Subsidiaries

Subsidiaries are investees controlled by the Company. The Company controls an investee when it is exposed to, or has right to, variable returns from its involvement with the company and has the ability to affect those returns through its power over the investee. The investees Atlantic-Pacific Ventures LLC, East Gate Logistik LLC, West Gate Logistik LLC, Property Management Solutions One LLC and Property Management Solutions Two LLC own real estate assets and are entitled to receive associated rental revenues. Investments in subsidiaries are measured and accounted for at fair value with gains or losses recognised in profit or loss. As described in Note 4(a) above, financial data of NUPEH CZ s. r. o. was included in these financial statements on a consolidation basis.

As at 30 June 2021 and 31 December 2020 subsidiaries and their grouping by investment in respective projects are as follows:

Name	Parent	Country of incorporation	Project	% of ownership
1849-Apollo Overseas I Limited	New Ukraine PE Holding Limited	Cyprus	Pyramida	100.00%
Atlantic-Pacific Ventures LLC	New Ukraine PE Holding Limited	Ukraine	Pyramida	100.00%
Turcosa Investments Limited	New Ukraine PE Holding Limited	Cyprus	East Gate	100.00%
AICEE II Finance Cyprus Limited	New Ukraine PE Holding Limited	Cyprus	East Gate	100.00%
EGL Holding Limited	New Ukraine PE Holding Limited	Cyprus	East Gate	100.00%
East Gate Logistik LLC	New Ukraine PE Holding Limited	Ukraine	East Gate	100.00%
GLD Logistik Park Holding Limited	New Ukraine PE Holding Limited	Cyprus	West Gate	100.00%
SZ Harbour Finance Limited	New Ukraine PE Holding Limited	Cyprus	West Gate	100.00%
West Gate Logistik LLC	New Ukraine PE Holding Limited	Ukraine	West Gate	100.00%
Property Management Services LLC	New Ukraine PE Holding Limited	Ukraine	PMS	100.00%
Mevalor Enterprises Limited	New Ukraine PE Holding Limited	Cyprus	PMS	100.00%
Property Management Solutions One LLC	New Ukraine PE Holding Limited	Ukraine	PMS One	100.00%
Orbelson Holdings Limited	New Ukraine PE Holding Limited	Cyprus	PMS One	100.00%
Property Management Solutions Two LLC	New Ukraine PE Holding Limited	Ukraine	PMS Two	100.00%
Glanston Holdings Limited	New Ukraine PE Holding Limited	Cyprus	PMS Two	100.00%
NUPEH CZ	New Ukraine PE Holding Limited	Czech Republic	-	100.00%

During the six months ended 30 June 2020 100% corporate rights in the Ukrainian limited liability companies were transferred from the Cyprus subholdings to New Ukraine PE Holding Limited (Cyprus).

The Group's management plans to liquidate its Cyprus subholdings in the nearest future.

During the six months ended 30 June 2020 following transactions with investees were in place:

- new shares were issued by GLD Logistik Park Holding Limited that resulted in increase of share capital by USD 2 thousand and increase of share premium by USD 148 thousand;
- new shares were issued by Orbelson Holdings Limited that resulted in increase of share capital by USD 1 thousand and increase of share premium by USD 149 thousand;
- new shares were issued by Glanston Holdings Limited that resulted in increase of share capital by USD 1 thousand and increase of share premium by USD 149 thousand;
- 100% shares of 1849-Atlantic-Pacific Ventures LLC were sold by Apollo Overseas I Limited to the Parent for USD 50,189 thousand;
- 100% shares of West Gate Logistik LLC were sold by GLD Logistik Park Holding Limited to the Parent for USD 23,900 thousand. Additionally, share capital of West Gate Logistik LLC was increased by USD 140 thousand.
- 100% shares of East Gate Logistik LLC were sold by AICEE II Finance Cyprus Limited to the Parent for USD 18,800 thousand. Additionally, share capital of East Gate Logistik LLC was increased by USD 140 thousand.
- 100% shares of Property Management Solutions One LLC were sold by Orbelson Holdings Limited and Glanston Holdings Limited to the Parent for USD 40,500 thousand. Additionally, share capital of Property Management Solutions One LLC was increased by USD 140 thousand.

- 100% shares of Property Management Solutions Two LLC were sold by Orbelson Holdings Limited and Glanston Holdings Limited to the Parent for USD 8,900 thousand. Additionally, share capital of Property Management Solutions Two LLC was increased by USD 140 thousand.
- 100% shares of Property Management Services LLC were sold by Mevalor Enterprises Limited and Glanston Holdings Limited to the Parent for USD 4 thousand.

(c) Loans receivable from investees

In addition to equity financing to its investees, as a part of structuring its investments the Group has number of intragroup loans. As described in Note 4(a), the Group elected to measure loans receivable from its investees at fair value through profit or loss.

The loans are denominated in USD, unsecured, interest bearing (range from 6.5% to 9%) with variable terms of repayment and represent an alternative to the equity way of financing investments. The Group at its capacity of the shareholder may amend any terms of the loans including modification to convert loans in full or in part into equity.

Loans receivable are accounted at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments* and measured at fair value in accordance with IFRS 13 *Fair value measurement* as the present value of the expected future cash flows, discounted using a market-related rate. Expected future cash flows are represented by cash flows generated from the underlying assets for the loans (the real estate projects).

(d) Foreign currency

Transactions in foreign currencies are translated into US dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into US dollar at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for those arising on financial instruments at fair value through profit or loss, which are recognised as a component of net gain/(loss) from investments at fair value through profit or loss or net gain/(loss) from loans receivable.

(e) Financial instruments

(i) Recognition, initial measurement and derecognition

Trade receivables are initially recognized when they are originated.

All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and

the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(ii) Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL to eliminate or significantly reduce an accounting mismatch:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL to eliminate or significantly reduce an accounting mismatch:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in other comprehensive income. Cumulative gains and losses recognised in other comprehensive income are transferred to retained earnings on disposal of an investment.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

The Company's financial assets comprise trade and other receivables, cash and cash equivalents and short-term deposits and are classified into the financial assets at amortised cost category. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Cash and cash equivalents comprise cash balances, call deposits and highly liquid investments with maturities of three months or less from the acquisition date that were subject to insignificant risk of changes in their fair value.

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets – e.g. non-recourse asset arrangements; and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

(iii) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it meets the definition of held-for-trading or it is designated as such on initial recognition.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Company measures all of its financial liabilities at amortized cost.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company currently has a legally enforceable right to set off and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Company currently has a legally enforceable right to set off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the Company and all counterparties.

(f) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Share premium

Share premium reserves include amounts that were created due to the issue of share capital at a value price greater than the nominal.

(g) Impairment

The Company uses “expected credit loss” (ECL) model. This impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The financial assets at amortised cost consist of trade and other receivables and cash and cash equivalents.

Loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to measure loss allowances for trade receivables and receivables on internal settlements at an amount equal to lifetime ECLs.

Impairment on cash and cash equivalents is measured on a 12-month expected loss basis and reflects the short maturities of the exposures.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a debt or advance by the Company on terms that the Company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

In making an assessment of whether cash and cash equivalents are credit-impaired, the Company considers the following factors:

- significant financial difficulty of the bank;

- a breach of contract such as a default or a contractual payment being more than a couple of days past due;
- it is becoming probable that the bank will enter bankruptcy or other financial reorganisation.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses on financial assets are presented under “other operating expenses” and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

(h) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Finance income and costs

Finance income comprises interest income on financial assets, calculated using the effective interest rate, and currency exchange gains. Finance costs comprise interest expense and currency exchange losses.

Effective interest rate

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating the effective interest rate, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income is made on a net basis again.

Amortised cost and gross carrying amount

The “amortised cost” of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The “gross carrying amount of a financial asset” measured at amortised cost is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Interest received or receivable, and interest paid or payable, are recognised in profit or loss as finance income and finance costs, respectively, except for those arising on financial instruments at fair value through profit or loss, which are recognised as a component of net gain/ (loss) from investments at fair value through profit or loss or net loss from loans receivable.

(j) Dividend income

Dividend income is recognised in profit or loss on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend. Dividend

income from equity securities designated at fair value through profit or loss is recognised in profit or loss in separate line item.

(k) Fees and administrative expenses

Fees and administrative expenses are recognised in profit or loss as the related services are performed or expenses are incurred.

(l) Net gain/(loss) from financial assets at fair value through profit or loss

Net gain/(loss) from financial assets at fair value through profit or loss includes all realised and unrealised fair value changes, interest income, foreign exchange differences and dividend income.

(m) Tax

Tax liabilities and assets for the current and prior years are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date. Current tax includes any adjustments to tax payable in respect of previous years.

5. Financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss relate to the following projects:

<i>(in thousands of USD)</i>	30 June 2021	31 December 2020
Pyramida	46,794	46,952
West Gate	36,650	36,721
East Gate	18,765	18,864
PMS One	47,316	46,926
PMS Two	14,946	15,039
	164,471	164,502

In addition to equity financing of its investees, as a part of structuring its investments, the Company also has a number of intragroup loans. The Group's management treats these intragroup loans as quasi- equity instruments because the Group, in its capacity of the shareholder, can amend the conditions of these loans at any time and can impose these amended conditions on its investees, including the amendment to convert any loan in full or in part into equity.

The Group's financial assets at fair value through profit or loss as at 30 June 2021 relating to Pyramida project consist of equity investment in Atlantic Pacific Ventures LLC amounting to USD 46,788 thousand (31 December 2020: USD 46,947 thousand) and loans receivable amounting to USD 6 thousand (31 December 2020: USD 5 thousand).

The Group's financial assets at fair value through profit or loss as at 30 June 2021 relating to West Gate project consist of loans receivable from West Gate Logistik LLC amounting to USD 36,650 thousand (31 December 2020: USD 36,721 thousand).

The Group's financial assets at fair value through profit or loss as at 30 June 2021 relating to East Gate project consist of equity investment in East Gate Logistik LLC amounting to USD 12,508 thousand (31 December 2020: equity investment amounting to USD 11,349 thousand) and loans receivable amounting to USD 6,257 thousand (31 December 2020: USD 7,515 thousand).

The Group's financial assets at fair value through profit or loss as at 30 June 2021 relating to PMS One project consist of equity investment in Property Management Solutions One LLC amounting to USD

35,191 thousand (31 December 2020: USD 34,365 thousand) and loans receivable amounting to USD 12,125 thousand (31 December 2020: USD 12,561 thousand).

The Group's financial assets at fair value through profit or loss as at 30 June 2021 relating to PMS Two project consist of equity investment in Property Management Solutions Two LLC amounting to USD 8,567 thousand (31 December 2020: USD 8,037 thousand) and loans receivable amounting to USD 6,379 thousand (31 December 2020: USD 7,002 thousand).

(a) Investment in subsidiaries (investees)

(i) Valuation technique and significant unobservable inputs

For the estimation of fair values of the Group's investments management used the adjusted net assets method.

As at the date of acquisition of investees management estimated the fair value of its investments at the amount of consideration paid in the third party transaction.

As at 30 June 2021, the management of the Group performed a detailed review of the investees' assets and liabilities for the purpose of their fair value assessment:

- Assets are mainly represented by the income generating investment properties. The fair value of the investment properties was assessed as at 31 December 2020 by the independent appraiser, CBRE LLC. The Group's management took a decision not to engage independent property appraiser as at 30 June 2021 since there has been no significant changes in rental value of property compared to 31 December 2020.
- Long term liabilities are mainly represented by long-term tenants' security deposits and deferred tax liability.
- Fair value of long-term tenants' security deposits that carry no interest is measured at present value of all future cash receipts discounted using the prevailing market rate(s) of interest for a similar instrument, with a similar credit rating.
- Fair value of deferred tax assets and liabilities is measured using discounted pattern of expected realisation of these deferred tax assets and liabilities (aligned with expected net operating incomes of the Company's investees) at the discount rate applicable to the fair value assessment of the investment property.
- Other assets and liabilities are short-term by nature and their fair value approximates the carrying amount. Thus, no additional adjustment is required.

The investees' net assets are adjusted for the non-controlling interest based on the ownership percentage.

To assist with the estimation of fair value of investment properties as at 31 December 2020, management engaged independent appraiser CBRE LLC, having a recognised professional qualification and recent experience in the location and categories of the projects being valued.

The fair value is 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. The valuation is prepared in accordance with practice standards contained in the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors (RICS) or in accordance with International Valuation Standards published by the International Valuations Standards Council.

The fair value measurement, developed for determination of fair value of the properties, is categorised within Level 3 of the fair value hierarchy, due to the significance of unobservable inputs to the measurement.

Investment properties

As at 30 June 2021 investment properties were represented by a shopping mall at Pyramida project, by two logistic warehouses at East Gate and West Gate projects and by two business centers at PMS One and PMS Two projects (see Note 1).

The revaluation of investment property took place as at 31 December 2020. To assist with the estimation of the fair value of the Group's investment property, management engaged registered independent appraiser Expandia LLC, part of the CBRE Affiliate network, having a recognised professional qualification and recent experience in the location and categories of the projects being valued.

Group's management carefully considered investment property revaluation as at 30 June 2021. As the result of the analysis of commercial property market Group's management took a decision not to engage independent property appraiser as at 30 June 2021. The reason for the decision is that the estimated rental value of property denominated in USD did not change significantly as compared to 31 December 2020.

The fair values are based on the estimated future rentals. A market yield is applied to the estimated future rentals to arrive at the property valuation. When actual rents differ materially from the estimated rentals, adjustments are made to reflect actual rents.

Valuations reflect, when appropriate, the type of tenants' actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the entity and the lessee, and the remaining economic life of the property.

As at 31 December 2020, the estimation of fair value is made using the direct capitalization method under the income approach based on certain assumptions, the most important of which are as follow:

- Capitalisation rates in range from 12 to 13.75% used for calculation of the terminal value following the end of projection period within 1 year (1.5 years for Piramida project), which represent key unobservable input for determination of fair value of the investment property;
- Monthly rental rates ranging from:
 - For Piramida project monthly rental income is affected by temporary discounts to tenants provided following COVID-19 implications and reconstruction of the part of the subject property. Thus, gross leasable area is expected to increase from actual of 12,630 sq.m as at 31 December 2020 to 19,238 sq.m. at the end of 2Q 2022 and used further in the terminal period. Therefore, monthly rental rates in the projection period (1Q2021-2Q2022) have been estimated to range from 23 to 31 USD per sq. m, and the latter rate to be used in the terminal period. All estimates are based on budgeted rent-rolls for 2021 and 2022 that include contractual rental rates and estimated rental rates based on preliminary agreements for new reconstructed premises concluded with the tenants.
 - USD 4.2 to USD 4.7 per sq. m. for the West Gate and East Gate projects that are based on contractual rental rates as per budgeted rent roll for 2021.
 - USD 16 – 18.3 per sq. m. for the office space for the PMS One and PMS Two projects that are based on contractual rental rates as per budgeted rent roll for 2021.
- Expected vacancy rates are as follows:
 - Vacancy rates for Piramida project 2021 were projected based on Client's budgeted rent-roll and are expected to gradually decrease from 23.6% in 1Q2021 to 2% in 2Q2022 and the latter to be used as structural vacancy in the terminal period. Vacancy rates were affected by new premises expected to be input into use following the completion of the reconstruction of the Piramida centre.

The Group's management expects that the 1st turn of the reconstruction increasing the gross leasable area to 15,805 sq.m. will be input into use in 2Q2021 and the 2nd turn increasing further the leasable area to 19,238 sq.m. will be input into use till the end of 2021. However, this expected period of input into use of additional leasable area is subject to significant estimation uncertainty because it depends on circumstances that could not be always under the control of the Company's management (for example, the regulatory process of official ownership registration).
 - Vacancy rates for West Gate and East Gate projects are forecasted at the level from 2.5% to 6.3% as the structural vacancy.

- Vacancy rates for Eurasia office centre were projected based on Client's forecast rent roll to gradually decrease from 20.9% in 1Q2021 to 5 % at the end of 4Q2021 and the latter to be used as the structural vacancy.
- Vacancy rate for Prime office centre is forecasted at the level of 5% as the structural vacancy.
- The ratio of reimbursement of operating expenses by the tenants in the following ranges, which is based on contractual terms.
 - 60-84% for the Piramida project depending on the growth of occupancy of the retail space.
 - 95.5% - 101.4% for the West Gate and East Gate projects.
 - 115.1% - 127.5% for the PMS One and PMS Two projects.
- The capital expenditures are included in cash outflows for the first forecasted year and excluded from cash flows in terminal period.

Additionally, capital expenditures for reconstruction of the Piramida shopping centre was projected for the year 2021 at the amount of USD 5,514 thousand.

Other assets and liabilities

Long term liabilities are mainly represented by long-term tenants' security deposits and deferred tax liabilities.

Fair value of long-term tenants' security deposits that carry no interest is measured at present value of all future cash receipts discounted using the prevailing market rate(s) of interest for a similar instrument, with a similar credit rating.

Fair value of deferred tax assets and liabilities is measured using discounted pattern of expected realisation of these deferred tax assets and liabilities (aligned with expected net operating incomes of the Company's investees) at the discount rate applicable to the fair value assessment of the investment property.

The financial instruments not measured at fair value comprise trade and other accounts receivable, cash and cash equivalents and trade and other accounts payable. The carrying amount of such instruments approximates their fair value due to their short-term nature.

Sensitivity of fair value measurement to changes in unobservable inputs – all real estate projects at the date of valuation

The valuation model used to assess the fair value of investment property as at 31 December 2020 is particularly sensitive to key unobservable input in the following areas.

For Piramida project:

<i>(in thousands of USD)</i>	Fair value of investment property	
	Increase	Decrease
31 December 2020		
Capitalisation rate (1 p.p. movement) (key unobservable input)	(3,206)	3,709
Monthly rental rates (10 p.p. decrease)	4,371	(4,371)
Ratio of reimbursement of operating expenses (25 p.p. movement)	3,547	(3,547)
Vacancy rates (2 p.p. movement)	(892)	892

For PMS-1 (Eurasia) project:

<i>(in thousands of USD)</i>	Fair value of investment property	
	Increase	Decrease
31 December 2020		
Capitalisation rate (1 p.p. movement) (key unobservable input)	(3,498)	4,014
Monthly rental rates (10 p.p. decrease)	3,608	(3,693)

Ratio of reimbursement of operating expenses (25 p.p. movement)	4,413	(4,498)
Vacancy rates (2 p.p. movement)	(1,039)	954

For PMS-2 (Prime) project:

<i>(in thousands of USD)</i>	Fair value of investment property	
	Increase	Decrease
31 December 2020		
Capitalisation rate (1 p.p. movement) (key unobservable input)	(1,200)	1,400
Operating expenses reimbursement rate (25 p.p. movement)	1,200	(1,200)
Rental rate (10 p.p. movement)	1,400	(1,500)
Vacancy rate (2 p.p. movement)	(300)	300

For WGL project:

<i>(in thousands of USD)</i>	Fair value of investment property	
	Increase	Decrease
31 December 2020		
Capitalisation rate (1 p.p. movement) (key unobservable input)	(2,495)	2,894
Operating expenses reimbursement rate (25 p.p. movement)	2,293	(2,052)
Rental rate (10 p.p. movement)	3,617	(3,617)
Vacancy rate (2 p.p. movement)	(925)	740

For EGL project:

<i>(in thousands of USD)</i>	Fair value of investment property	
	Increase	Decrease
31 December 2020		
Capitalisation rate (1 p.p. movement) (key unobservable input)	(1,426)	1,664
Operating expenses reimbursement rate (25 p.p. movement)	909	(909)
Rental rate (10 p.p. movement)	2,014	(2,014)
Vacancy rate (2 p.p. movement)	(430)	430

6. Cash and cash equivalents

The following table represents an analysis of cash and cash equivalents based on Moody's ratings as at 30 June 2021:

	30 June 2021
<i>(in thousands of USD)</i>	
Bank balances	
Caa1	86
Not rated	23,388
Total	23,474

Cash balances held in the bank which is unrated relate to the same bank in which the Group has received its loans financing (Note 9).

The following table represents an analysis of cash and cash equivalents based on Moody's ratings as at

31 December 2020:

30 June 2021

(in thousands of USD)

Bank balances	
BBB	159
Not rated	5,822
Total	5,981

7. Bonds issued

As at 30 June 2021, the terms and debt repayment schedule of bonds issued are as follows:

	Currency	Nominal interest rate	Effective interest	Maturity	Carrying value
<i>(in thousands of USD)</i>					
<i>Non-current portion</i>					
Issued bonds at amortized cost	USD	5.9%	6.76%	31 Oct 2025	31,735
Issued bonds at amortized cost	USD	5.9%	6.99%	31 Oct 2025	15,736
Total					47,471
<i>Current portion</i>					
Issued bonds at amortized cost					482
Transaction cost payable					507
Total					989

As at 31 December 2020, the terms and debt repayment schedule of bonds issued are as follows:

	Currency	Nominal interest rate	Effective interest	Maturity	Carrying value
<i>(in thousands of USD)</i>					
<i>Non-current portion</i>					
Issued bonds at amortized cost	USD	5.9%	6.76%	31 Oct 2025	31,697
Total					31,697
<i>Current portion</i>					
Issued bonds at amortized cost					359
Total					359

Short-term financial instruments are represented by accrued interest on issued bonds, and commission on additional bond issue, which are due within one year from the balance sheet date.

The bonds were issued by NUPEH CZ s. r. o. on Prague Stock Exchange (Czech Republic) on 30 October 2020 with a total nominal value of CZK 700 million, maturing in 2025. On 30 June 2021 the additional issue of bonds was made with a total nominal value of CZK 350 million with discount 0.5%.

Interest is payable twice: on 30 April and 30 October each year.

The Parent guaranteed the Subsidiary's bonds in the form of a financial guarantee under the Czech law. NUPEH CZ s.r.o. may redeem bonds at any time at any price on the market or otherwise. If there is no early repayment (an option not currently being considered by Subsidiary), bonds principal will be repaid in a lump sum on 30 October 2025.

As at the date of issue (30 October 2020) transaction costs in the amount of CZK 22,096 thousand (USD 946 thousand) were associated with the issue of the bonds. These costs are recognized in the income statement during the bonds life based on the effective interest rate. The coupon rate is 5.9%. The effective interest rate is 6.76%.

As at the date of the additional issue (30 June 2021) transaction costs in the amount of CZK 10,878 thousand (USD 507 thousand) were associated with the issue of the bonds (commission on the additional bond issuance). These costs are recognized in the income statement during the bonds life based on the effective interest rate. The coupon rate is 5.9%. The effective interest rate is 6.99%. The carrying value of additional bonds issue contains transaction costs payable in the amount of USD 507 thousand, which were settled on 09 July 2021 (USD 483 thousand) and 10 August 2021 (USD 24 thousand).

The fair value of the bonds approximates the carrying value as at 30 June 2021.

The bonds issued are secured.

The net proceeds from bond's issue were transferred by the Subsidiary to the Parent in form of loan amounted to USD 30,200 thousand. These proceeds were used by the Company primarily for dividend distribution. As at 30 June 2021 the proceeds from additional issue were held on the bank account of NUPEH CZ s.r.o. and in July 2021 also transferred to the Parent.

8. Receivables and payables from derivative operations

Receivables from derivative operations <i>(in thousands of USD)</i>	30 June 2021	31 December 2020
Fair value of the swap	1,421	1,696
	1,421	1,696
 Payables from derivative operations <i>(in thousands of USD)</i>	 30 June 2021	 31 December 2020
Fair value of the swaps	591	-
	591	-

Reconciliation of swap movements

	CZK 700 million	CZK 150 million	CZK 200 million	Total
Balance at 31 December 2020	1,696	-	-	1,696
Closing of forward contract	134	-	-	134
Effect of forex exchange rate	(55)	-	-	(55)
Fair value change on derivatives	(354)	(253)	(338)	(945)
Balance at 30 June 2021	1,421	(253)	(338)	830

As at 30 June 2021 the Subsidiary has cross currency swaps with J&T BANKA, a.s. to bridge the currency mismatch between the issued bonds in CZK and the provided loan to Parent in USD.

The Subsidiary set up a swap on 30 October 2020 in the amount of CZK 700,000 thousand with a koruna interest rate of 5.9% against the amount of USD 30,461 thousand with a dollar interest rate of 7.25%. The maturity of the swap is 29 October 2025.

In addition, on 30 June 2021 the Subsidiary set up two swaps in the total amount of CZK 350,000 thousand (CZK 150,000 thousand and CZK 200,000 thousand) with a koruna interest rate of 5.9% against the amount of USD 16,486 thousand with a dollar interest rate of 6.45%. The maturity of the swaps is 29 October 2025.

There is a back conversion of funds from USD to CZK corresponding to the interest paid as at April 30 and October 30 each year.

The Group valued and recognized the fair value of the swaps as a receivable in the amount of USD 1,421 thousand and payables in the amount of USD 591 thousand as at 30 June 2021 (31 December 2020: receivable in the amount of USD 1,696 thousand). The Group does not report a derivative as a hedging instrument; all movements in fair value are recognized as profit or loss in Group's consolidated statement of comprehensive income.

9. Loans and borrowings

This note provides information about the contractual terms of loans. For more information about the Company exposure to interest rate risk and foreign currency risk, refer to the Note 11 (c).

As at 30 June 2021, the terms and debt repayment schedule of bank loans are as follows:

	Currency	Nominal interest rate	Effective interest	Maturity	Carrying value
<i>(in thousands of USD)</i>					
<i>Long-term loans</i>					
J&T BANKA (Facility A)	USD	6% + LIBOR	6.91%	31 Dec 2025	31,661
Total					31,661
<i>Current portion of long-term loans</i>					
J&T BANKA (Facility A)					4,606
Total					4,606

As at 31 December 2020, the terms and debt repayment schedule of bank loans are as follows:

	Currency	Nominal interest rate	Effective interest	Maturity	Carrying value
<i>(in thousands of USD)</i>					
<i>Long-term loans</i>					
J&T BANKA (Facility A)	USD	6% + LIBOR	6.91%	31 Dec 2025	34,010
Total					34,010
<i>Current portion of long-term loans</i>					
J&T BANKA (Facility A)					4,375
Total					4,375

Collateral

As at 30 June 2021 and 31 December 2020, the following pledge and guarantee agreements were concluded to secure the loan agreements of the Company (J&T BANKA as pledgee) and bonds issued by NUPEH CZ s. r. o. (whereas NUPEH CZ s.r.o. has the right and priority of payment as Senior Notes Creditor):

Directly with regards to assets of the Company:

- Cypriot law Share Pledge Agreement in respect of approximately 52.49% shares in the Borrower between the Lender as pledgee and DCI and DC NUF as pledgors.
- Cypriot law Share Pledge Agreement in respect of approximately 31.97% shares in the Borrower between the Lender as pledgee and SKY MUNDI S.à r.l., as pledgor.
- Cypriot law Share Pledge Agreement in respect of approximately 15.54% shares in the Borrower between the Lender as pledgee and Ukrainian Redevelopment Fund LP as pledgor.
- Czech law Share Pledge Agreement in respect of 100% shares in the Company's Subsidiary.
- Czech law Bank Account Pledge Agreement in respect of the Borrower's bank account with the Lender.
- Czech law Bank Account Pledge Agreement in respect of the Subsidiary's bank account with the Lender.
- Cypriot law bank account pledge agreement in respect of the Borrower's bank accounts with Eurobank Cyprus Ltd.
- Czech law Intragroup Receivables Pledge Agreement in respect of 100% receivables due from the Borrower to the Subsidiary.
- Share pledge agreements in respect of 100 % shares in Ukrainian investees.
- Ukrainian law Mortgage Agreements were concluded with Ukrainian investees as pledgors in respect of the following property:
 - Shopping and entertainment centre "Piramida" (Atlantic Pacific Ventures LLC);
 - Office premises in business centre "Eurasia" (Property Management Solutions One);
 - Office premises in business centre "Prime" (Property Management Solutions Two);
 - Two warehouse and logistics complexes owned by East Gate Logistik LLC and West Gate Logistik LLC
- Ukrainian law Intragroup Receivables Pledge Agreement were signed in respect of 100% receivables due to the Company from Ukrainian investees.
- Ukrainian law Bank Account Pledge Agreement in respect of bank accounts owned by Ukrainian investees.

10. Contingencies

(a) Taxation contingencies

The Group is subject to tax charges within Cyprus jurisdiction. Additionally, the Company's investees perform most of their operations in Ukraine and are therefore within the jurisdiction of the Ukrainian tax authorities. The Ukrainian tax system can be characterized by numerous taxes and frequently changing legislation, which may be applied retrospectively, be open to wide interpretation and in some cases conflict with other legislative requirements. Instances of inconsistent opinions between local, regional, and national tax authorities and the Ukrainian Ministry of Finance are not unusual. Tax declarations are subject to review and investigation by a number of authorities that are empowered by law to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years, however under certain circumstances a tax year may remain open longer. These facts create tax risks substantially more significant than typically found in countries with more developed systems.

Management believes that the Group has adequately assessed tax liabilities based on its interpretation of tax legislation, official pronouncements and court decisions for the purpose of assessment of the Company's assets fair value. However, the interpretations of the relevant authorities could differ and the effect on the financial statements, if the authorities were successful in enforcing their interpretations, could

be significant.

11. Financial instruments - Fair values and financial risk management

(a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Management believes that fair value of cash and cash equivalents, loans and borrowings and other accounts payable approximates their carrying amount.

		Carrying amount			Fair value		
	Note	Designated at fair value	Financial assets at amortised cost	Other financial liabilities	Total	Level 3	Total
(in thousands of USD)							
30 June 2021							
Financial assets measured at fair value							
Financial assets at fair value through profit or loss	5	164,471	-	-	164,471	164,471	164,471
		164,471	-	-	164,471	164,471	164,471
Financial assets not measured at fair value							
Cash and cash equivalents	6	-	23,474	-	23,474		
Receivables from derivatives	8	1,421	-	-	1,421		
Trade and other receivables		-	25	-	25		
		1,421	23,499	-	24,920		
Financial liabilities not measured at fair value							
Trade and other payables		-	118	-	118		
Bonds issued	7	-	48,460	-	48,460		
Payables from derivatives	8	591	-	-	591		
Loans and borrowings	9	-	36,267	-	36,267		
		591	84,845	-	85,436		

		Carrying amount			Fair value		
	Not e	Designated at fair value	Financial assets at amortised cost	Other financial liabilities	Total	Level 3	Total
(in thousands of USD)							
31 December 2020							
Financial assets measured at fair value							
Financial assets at fair value through profit or loss	5	164,502	-	-	164,502	164,502	164,502
		<u>164,502</u>	<u>-</u>	<u>-</u>	<u>164,502</u>	<u>164,502</u>	<u>164,502</u>
Financial assets not measured at fair value							
Cash and cash equivalents	6	-	5,981	-	5,981		
Receivables from derivatives	8	1,696	-	-	1,696		
Trade and other receivables		-	7	-	7		
		<u>1,696</u>	<u>5,988</u>	<u>-</u>	<u>7,684</u>		
Financial liabilities not measured at fair value							
Trade and other payables		-	179	-	179		
Bonds issued	7	-	32,056	-	32,056		
Loans and borrowings	9	-	38,385	-	38,385		
		-	70,620	-	70,620		

(b) Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used for Level 3 fair values, are disclosed in the following relevant notes:

- Note 5 – Financial assets at fair value through profit and loss.

Fair value of the Company's financial assets at fair value through profit or loss is mainly impacted by the major underlying assets – income generating investment properties. The sensitivity analysis for the investment properties is disclosed in the Note 5 (a).

Reconciliation of Level 3 fair values

The following table shows a reconciliation of the amount of consideration incurred for acquisition of investees to the closing balances of financial assets at fair value through profit or loss.

	Financial assets at FVTPL
(in thousands of USD)	
Balance at 1 January 2020	<u>180,281</u>
Net gain from financial assets through profit or loss	6,850
Acquisition proceeds paid to Cyprus companies for the purchase of share capital of Ukrainian companies	92,104

Increase of share capital of investee	450
Loans from Cyprus companies	(92,100)
Loans principal received	(7,642)
Interest received	(3,251)
Loan granted to investee	5
Balance at 30 June 2020	176,697

Financial assets at FVTPL

(in thousands of USD)

Balance at 1 January 2021	164,502
Net gain from financial assets through profit or loss	5,845
Loans principal received	(2,302)
Interest received	(3,574)
Balance at 30 June 2021	164,471

(c) Financial risk management

Exposure to credit, interest rate and currency risk arises in the normal course of the Company's business. The Company does not hedge its exposure to such risks. The political and economic situation is described in Note 2 of these financial statements. The deterioration of political and economic situation could negatively impact the results and financial position in a manner not currently determinable.

(i) Risk management policy

The management has overall responsibility for the establishment and oversight of the risk management framework.

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

The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities. The carrying amounts of financial assets represent the maximum credit exposure.

Loans receivable

The Company issues loans to its subsidiaries. All these loans are unsecured and are stated at fair value through profit or loss in these consolidated financial statements. Recoverability of these loans receivable depends on operating results of the Company's investees which owns the income generating real estate. The carrying amount of financial assets represents the maximum credit exposure.

Cash and cash equivalents

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties, so no expected credit losses were recognised as at 30 June 2021 and 31 December 2020.

12. Related party transactions

(a) Control relationship

The Company's control relationships are described in Note 1.

(b) Transactions with management personnel

Key management are those having the authority and responsibility for planning, directing and controlling the activities of the Company.

During the six months ended 30 June 2021 remuneration of key management personnel amounted to USD 60 thousand (the six months ended 30 June 2020: USD 33 thousand).

(c) Transactions with subsidiaries

Outstanding balances with subsidiaries as at 30 June 2021 are as follow:

<i>(in thousands of USD)</i>	30 June 2021	31 December 2020
Financial assets at fair value through profit or loss (Note 5)	164,471	164,502

Profit or loss transactions with subsidiaries during six months ended 30 June 2021 are USD 5,845 thousand (for the six month ended 30 June 2020: USD 6,850 thousand):

13. Events after the reporting period

The Company has evaluated events subsequent to 30 June 2021 to assess the need for potential recognition or disclosure in these financial statements. Such events were evaluated through the date these financial statements were authorised for issue.

On 08 July 2021 the Company declared a distribution of USD 16,846 thousand of dividends to its shareholders, which was settled on 14 July 2021.