New Ukraine PE Holding Limited

Report and consolidated financial statements for the year ended 31 December 2021

These financial statements contain 52 pages

Contents

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 Holding Limited (the "Company") presents to the members its annual report together with the audited consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the year ended 31 December 2021.

INCORPORATION

New Ukraine PE Holding Limited (the "Group") was incorporated in Cyprus on 26 July 2016 as a private limited liability Group 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 last year, is the investing in the real estate sector in Ukraine.

FINANCIAL RESULTS

The Group's financial results for the year ended 31 December 2021 are set out on page 10 to the consolidated financial statements. The net profit for the year attributable to the owners of the Group amounted to USD 19,253 thousand (2020: profit of USD 15,399 thousand).

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

The current financial position as presented in the consolidated financial statements is considered satisfactory.

DIVIDENDS

During 2021 dividends in amount of USD 16,486 thousand (2020: USD 45,000 thousand) were declared and paid by the Company.

MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Group and the steps taken to manage these risks, are described in Note 17 to the consolidated 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 17.

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 year. Issued share capital of the Company consists of USD 68,911 and represented by 63,198 ordinary registered shares (the "Ordinary Shares") with a nominal value of USD 1.0904 each. During the year ended 31 December 2021, Sky Mundi S.À.R.L. transferred 1,615 ordinary shares of USD 1.0904 each to West Street EMS Partners, SLP.

BRANCHES

During the year ended 31 December 2021 the Company did not operate any branches.

BOARD OF DIRECTORS

The member of the Company's Board of Directors as at 31 December 2021 and at the date of this report is presented on page 1. The sole Director was member of the Board throughout the year ended 31 December 2021.

In accordance with the Company's Articles of Association the sole Director presently member 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 20 to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

Disclosed in Note 19 to the consolidated financial statements.

INDEPENDENT AUDITORS

The independent auditors of the Group, KPMG Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,

LEDRA SECRETARIES LIMITED

Ledra Secretaries Limited
Secretary

Nicosia, 31 May 2022

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

NEW UKRAINE PE HOLDING LIMITED

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of New Ukraine PE Holding Limited (the "Company") and its subsidiaries (the "Group"), which are presented on pages 8 to 52 and comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap. 113").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the International Code of Ethics (Including International Independence Standards) for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code"), together with the ethical requirements in Cyprus that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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KPMG

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter

Comparative information

We draw attention to Note 5 to the consolidated financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2020 and as at 1 January 2020 has been restated. Our opinion is not modified in respect of this matter.

Subsequent event

We draw attention to Note 20 to the consolidated financial statements, which describes uncertainties in the Ukrainian business environment, including those arising following the recognition of self-proclaimed republics of Donetsk and Lugansk by the Russian Federation and the commencement of military operations by the Russian Federation in Ukraine. Our opinion is not modified in respect of this matter.

Other information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap. 113.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

With regards to the management report, our report in this regard is presented in the "Report on other legal requirements" section.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, 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 there is an intention to either liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal requirements

Pursuant to the additional requirements of the Auditors Law 2017, L.53(I)/2017, as amended from time to time ("Law L.53(I)/2017"), and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the management report on pages 2 and 3, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In the light of the knowledge and understanding of the business and the Group's environment obtained in the course of the audit, we have not identified material misstatements in the management report.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of Law L.53(I)/2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Costas A. Kalias, FCA, FCCA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia
Cyprus

31 May 2022

(in thousands of USD)	*Note*	**31 December 2021**	31 December 2020 (restated)	1 January 2020 (restated)
Assets				
Non-current assets				
Investment properties	*6*	**194,700**	172,900	183,800
Prepayments for investment properties		**-**	8	342
Receivables from derivatives	*9*	**-**	1,696	-
Property and equipment and intangible assets		**20**	21	47
Total non-current assets		**194,720**	174,625	184,189
Current assets				
Cash and cash equivalents	*7*	**11,678**	8,525	9,653
Trade and other receivables		**759**	631	2,444
Refundable tax (tax receivable)		**87**	86	318
Prepayments		**608**	451	474
Inventories		**18**	12	-
Other current assets		**67**	29	14
Total current assets		**13,217**	9,734	12,903
Total assets		**207,937**	184,359	197,092

The notes on pages 13 to 52 are an integral part of these consolidated financial statements

(in thousands of USD)	*Note*	**31 December 2021**	31 December 2020 (restated)	1 January 2020 (restated)
Equity and Liabilities				
Equity				
Share capital		**69**	69	69
Share premium		**64,449**	64,449	64,449
Retained earnings		**28,035**	25,268	54,869
Currency translation reserve		**6,344**	3,049	20,536
Total equity		**98,897**	92,835	139,923
Non-current liabilities				
Loans and borrowings	*10*	**27,629**	34,010	24,500
Issued bonds	*8*	**46,399**	31,697	-
Deferred tax liability	*16*	**21,069**	17,256	18,001
Tenants' security deposits	*11*	**1,705**	747	1,493
Total non-current liabilities		**96,802**	83,710	43,994
Current liabilities				
Payables from derivatives	*9*	**2,220**	-	-
Loans and borrowings	*10*	**5,883**	4,375	10,005
Issued bonds	*8*	**591**	359	-
Trade and other payables		**731**	535	562
Tenants' security deposits	*11*	**910**	1,092	625
Prepayments received		**934**	721	810
Income tax payable		**482**	418	-
Other taxes payable		**487**	314	1,173
Total current liabilities		**12,238**	7,814	13,175
Total liabilities		**109,040**	91,524	57,169
Total equity and liabilities		**207,937**	184,359	197,092

On 31 May 2022 the sole Director of New Ukraine PE Holding Limited approved and authorised these consolidated financial statements for issue.

Olha Turyk

(in thousands of USD)	*Note*	**2021**	2020 (restated)
Revenue	*12*	**27,488**	25,627
Cost of sales	*13*	**(5,250)**	(4,058)
Gross profit		**22,238**	21,569
General and administrative expenses		**(1,838)**	(1,405)
Other operating expenses		**-**	(11)
Sales and distribution expenses		**(74)**	(125)
Fair value gain on investment properties	*6*	**9,634**	15,001
Other expenses, net		**(19)**	(24)
Total operating profit		**29,941**	35,005
Fair value change on derivatives	*9*	**(3,916)**	1,696
Interest income – derivatives		**2,218**	-
Interest expenses – derivatives		**(2,563)**	-
Finance costs	*14*	**(5,279)**	(17,932)
Finance income	*15*	**4,346**	401
Profit for the year		**24,747**	19,170
Income tax expense	*16*	**(5,494)**	(3,771)
Net profit for the year		**19,253**	15,399
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss:			
Foreign operations – foreign currency transaction difference		**3,295**	(17,487)
Other comprehensive income/(loss)		**3,295**	(17,487)
Total comprehensive income/(loss) for the year		**22,548**	(2,088)

The notes on pages 13 to 52 are an integral part of these consolidated financial statements

(in thousands of USD)	Note	Share capital	Share premium	Retained earnings	Currency translation reserve	Total equity
Balances at 1 January 2020 (as previously reported)		69	64,449	86,317	-	150,835
Correction of error – correction of deferred tax	5	-	-	(10,912)	-	(10,912)
Correction of error – classification of Currency translation reserve	5	-	-	(20,536)	20,536	-
Balances at 1 January 2020 (restated)		**69**	**64,449**	**54,869**	**20,536**	**139,923**
Net profit for the year (restated)		-	-	15,399	-	15,399
Other comprehensive loss (restated)				-	(17,487)	(17,487)
Total comprehensive loss for the year (restated)		**-**	**-**	**15,399**	**(17,487)**	**(2,088)**
Transactions with owners of the Company						
Dividend distribution	10 (b)	-	-	(45,000)	-	(45,000)
Balances at 31 December 2020 (restated)		**69**	**64,449**	**25,268**	**3,049**	**92,835**
Net profit for the year		-	-	19,253	-	19,253
Other comprehensive income		-	-	-	3,295	3,295
Total comprehensive income for the year		**-**	**-**	**19,253**	**3,295**	**22,548**
Transactions with owners of the Company						
Dividend distribution	10 (b)	-	-	(16,486)	-	(16,486)
Balances at 31 December 2021		**69**	**64,449**	**28,035**	**6,344**	**98,897**

(in thousands of USD)	*Note*	**2021**	2020 (restated)
Cash flows from operating activities			
Profit for the year		**19,253**	15,399
Adjustments for:			
Net gain from financial assets at fair value through profit or loss		**(9,634)**	(15,001)
Finance costs	*14*	**5,279**	17,932
Fair value change on derivatives		**3,916**	(1,696)
Depreciation		**95**	52
Financial income		**(4,172)**	(426)
Tax expense	*16*	**5,494**	3,771
Operating cash flows before changes in working capital		**20,231**	20,031
Change in trade and other payables		**183**	84
Change in trade and other accounts receivable		**(105)**	179
Change in prepayments		**(132)**	23
Change in tax payable and tax receivable		**208**	(94)
Change in inventories		**(6)**	(5)
Change in other current assets		**(36)**	-
Change in tenants' deposits		**710**	205
Change in prepayments received		**187**	77
Income tax paid		**(2,328)**	(1,729)
Cash flows from operating activities		**18,912**	18,771
Cash flows used in investing activities			
Capital improvements of investment properties	*6*	**(5,662)**	(5,082)
Acquisition of property, plant and equipment		**(95)**	(65)
Cash flows used in investing activities		**(5,757)**	(5,147)
Cash flows from financing activities			
Proceeds from bonds' issue	*8*	**15,887**	29,102
Proceeds from loans and borrowings obtained		**-**	40,000
Coupon on bonds paid		**(2,374)**	-
Loans and borrowings repaid	*10*	**(5,043)**	(35,600)
Interest expense on loans and borrowings paid	*10*	**(2,287)**	(3,127)
Dividends paid		**(16,486)**	(45,000)
Cash flows used in financing activities		**(10,303)**	(14,625)
Net change in cash and cash equivalents		**2,852**	(1,001)
Cash and cash equivalents at the beginning of the year		**8,525**	9,653
Effect of foreign exchange fluctuation on cash balances		**301**	(127)
Cash and cash equivalents at 31 December		**11,678**	8,525

The notes on pages 13 to 52 are an integral part of these consolidated 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, 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 Capitel 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 31 December 2021 were Dragon Capital Investments Limited (Cyprus) with 21.96% ownership, Dragon Capital New Ukraine Fund (Jersey) with 35.85% ownership, Sky Mundi S.À.R.L. (a shareholder not related to other shareholders, except for West Street EMS Partners) 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 31 December 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 activity of the Company is real estate sector in Ukraine.

These consolidated financial statements include the financial statements of Parent and its Subsidiaries (hereinafter the "Group"). The structure of the Group and the principal activities of the companies forming the Group are as follows:

				Effective ownership interest	
Name of the Group	**Principal Activities**	**Country of registration**	**Project**	**31 December 2021**	**31 December 2020**
New Ukraine PE Holding Limited	Holding Group	Cyprus			
NUPEH CZ s. r. o.	Financing Group	Czech Republic	-	100.00%	100.00%
Atlantic-Pacific Ventures LLC	Real estate Group	Ukraine	Piramida	100.00%	100.00%
1849-Apollo Overseas I Limited*	Subholding Group	Cyprus	Piramida	100.00%	100.00%
East Gate Logistik LLC	Real estate Group	Ukraine	East Gate	100.00%	100.00%
Turcosa Investments Limited*	Subholding Group	Cyprus	East Gate	100.00%	100.00%
AICEE II Finance Cyprus Limited*	Subholding Group	Cyprus	East Gate	100.00%	100.00%
EGL Holding Limited*	Subholding Group	Cyprus	East Gate	100.00%	100.00%
West Gate Logistic LLC	Real estate Group	Ukraine	West Gate	100.00%	100.00%
GLD Logistik Park Holding Limited*	Subholding Group	Cyprus	West Gate	100.00%	100.00%
SZ Harbour Finance Limited*	Subholding Group	Cyprus	West Gate	100.00%	100.00%
Property Management Solutions One LLC	Real estate Group	Ukraine	PMS One	100.00%	100.00%
Orbelson Holding Limited*	Subholding Group	Cyprus	PMS One	100.00%	100.00%

				Effective ownership interest	
Name of the Group	**Principal Activities**	**Country of registration**	**Project**	**31 December 2021**	**31 December 2020**
Property Management Solutions Two LLC	Real estate Group	Ukraine	PMS Two	100.00%	100.00%
Glanston Holdings Limited*	Subholding Group	Cyprus	PMS Two	100.00%	100.00%
Property Management Services LLC	Services Group	Ukraine	PMS	100.00%	100.00%
Mevalor Enterprises Limited*	Subholding Group	Cyprus	PMS	100.00%	100.00%

*As at 31 December 2021 there were Board resolutions whereby it was decided to voluntarily liquidate the Cyprus subsidiaries. These companies were dormant during the year under review and have not been consolidated.

As at 31 December 2021, the Subsidiaries of the Group are represented by the following projects:

- Pyramida project: shopping center with the gross leasing area equal to 15,948 sq. m.;
- East Gate Logistic project: A-class warehouse with the gross leasing area equal to 49,028 sq. m.;
- West Gate Logistic project: A-class warehouse with the gross leasing area equal to 96,223 sq. m. and associated land plot of 15 ha.;
- Property Management Solutions One ("PMS One"): A-class business center "Eurasia" with the gross leasing area of 27,841 sq. m.;
- Property Management Solutions Two ("PMS Two"): A-class business center "Prime" with the gross leasing area of 8,761 sq. m. and associated land plot of 0,15 ha.

As at 31 December 2020, the Subsidiaries of the Group are represented by the following projects:

- Pyramida project: shopping center with the gross leasing area equal to 12,630 sq. m.;
- East Gate Logistic project: A-class warehouse with the gross leasing area equal to 49,027 sq. m.;
- West Gate Logistic project: A-class warehouse with the gross leasing area equal to 96,221 sq. m. and associated land plot of 15 ha.;
- 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.

NUPEH CZ s. r. o. 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 Praque 4, Czech Republic.

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.

During the year ended 31 December 2020 100% corporate rights in the Ukrainian limited liability companies were transferred from the Cyprus subholdings to New Ukraine PE Holding Limited (Cyprus). Also, in 2020 the agreements on assignment of rights and transfer of obligations for loan assignments granted were signed between some of the Cyprus subholdings and New Ukraine PE Holding Limited. According to these agreements, New Ukraine PE Holding Limited has become the new lender for the Ukrainian limited liability companies. All other conditions of initial credit agreement remain unchanged.

2. Operating environment of the Group

(a) Ukrainian business environment

The Group's operations are located in Ukraine. The external environment was favorable for Ukraine last year, as global prices for key exported commodities (grain, steel, iron ore) were at their multi-year peaks. The upsurge in gas prices in Europe in 2021 had limited negative impact on Ukraine's trade balance thanks to high gas inventories. The government tightened quarantine restrictions several times in 2021 to curb the spread of COVID-19 but stopped short of introducing a nationwide lockdown.

Ukraine's real GDP rose by 3.4% y-o-y in 2021 following a 3.8% drop in 2020. The post-pandemic economic recovery was driven by domestic consumption and a record high agricultural harvest. Ukraine harvested 106 Mt of grains and oilseeds in 2021, up 27% y-o-y. This boosted agricultural output by 14% y-o-y. Manifesting strength in household consumption, retail turnover was on a stable sequential growth trajectory in 2021, accelerating to 10.9% y-o-y from 7.2% in 2020. Among other key sectors, industrial production rose a moderate 1.9% y-o-y in 2021 after a 4.5% drop in 2020, as recovery in most industries was slow, despite a favorable global environment, while the food-processing sub-sector was hit by second-round effects of a low 2020 harvest.

Consumer inflation was on an upward trend throughout 2021, reaching 10.0% in December. Inflation diverged from the central bank's target level of 5.0%, driven by a combination of global food inflation, sharply increased energy costs (gas, electricity) and robust domestic demand. The NBU reacted to rising inflationary pressures by hiking its key rate by 300bp in 2021, to 9.0%, and delivered another 100bp hike in January 2022, to 10.0%. Inflationary pressures were also curbed by administrative measures, including regulated electricity tariffs for households, fixed gas prices for retail consumers and budget-related organizations, margin caps for gasoline retailers, and other government regulations.

The trade deficit in goods and services stood at $2.3bn in 2021, according to NBU methodology, virtually unchanged y-o-y, as favorable terms of trade were offset by rising manufactured imports in response to strong domestic demand and recovering outbound tourism. Ukraine's external position was also supported by continuing inflows of remittances from labor migrants, which peaked at $14bn in 2021 or 7.0% of GDP. Driven also by dividends outflows and reinvested earnings of foreign investors, the current account balance slipped into a moderate deficit of $2.6bn (1.3% of GDP) in 2021, down from a $5.3bn surplus in 2020.

Supported by favorable commodity prices, growing agricultural exports and moderate capital inflows, the hryvnia strengthened by 8.5% YTD to UAH 26.06:USD as of November 11 but then turned on a downward trend in response to news flow about Russia's military buildup around Ukraine. The UAH:USD official exchange rate stood at UAH 27.27:USD as of end-2021, up 3.7% y-o-y, while NBU reserves reached a decade high of $30.9bn, covering 4.1 months of goods and services imports.

The central budget deficit stood at UAH 168bn in 2021, or 3.1% of GDP, narrowing from UAH 216bn in 2020. The improvement in the fiscal position was enabled by strong growth in tax revenues caused by rising inflation, imports growth and increasing corporate profits, fueled by favorable global commodity prices. All this helped offset a drop in non-tax revenues, caused by weaker dividends from state-owned enterprises and lower transfers of NBU profits. Ukraine's public debt stock stood at $98bn at the end of 2021, translating into 49% of GDP.

On February 24, 2022, Russian armed forces invaded Ukraine, starting an all-out war and initially securing large swathes of territory in the north and south. The Ukrainian government introduced 30-day martial law on the day of the Russian invasion, subsequently extending it to May 24, 2022. A counteroffensive by the Ukrainian army in late March and early April restored Ukrainian control over the entirety of the Kyiv, Zhytomyr, Chernihiv and Sumy regions in the north. At the date of these financial statements, fighting was concentrated in the parts of the eastern and southern regions, namely Kharkiv, Luhansk, Donetsk, Zaporizhya, Kherson and Mykolayiv. The remaining 18 provinces were fully under the control of the central government. At the same time the ongoing hostilities on the ground, being compounded by massive Russian airstrikes on infrastructural and civilian targets across the country, have and will likely continue to inflict significant economic damage. The full scale and consequences of this damage, and its impact on domestic economic activity going forward, are currently very hard to assess.

The Group's management believes that the recovery of business activity has started in Kyiv after the withdrawal of Russian troops from Kyiv and Kyiv region, which was completed around 7 April 2022. The return of the population is recorded every day. In particular, Pyramida shopping center has almost completely resumed its operations (93% of tenants are back, the rest plan to return by the middle of June 2022). East Gate Logistics continues to operate in a normal mode. Eurasia and Prime office centers have been already opened, and tenants are gradually returning.

The Ukrainian subsidiaries have also been working with the tenants and suppliers to reduce the adverse impact of warfare on operations, as well as to negotiate the terms of continuing cooperation. The Parent Company has also taken necessary steps to manage its financial obligations. The Company's management anticipates the potential breach of financial covenants for the year ending 31 December 2022, which would constitute an event of default for the Company's loans and borrowings, and currently is in negotiations with JT Banka to waive this potential breach. Management assesses that it will be able to reach agreement with the Bank in the view that such anticipated breach is a consequence of the military actions described above and also taking into account that the Company's management have already successfully negotiated with the Bank a number of exemptions. For example, as at 12 April 2022, the Company obtained from JT Banka a number of exemptions for the timing of reporting obligations to the Bank and to the supply of the Compliance Certificate at the end of the year 2021 and for the second half of the year ended 31 December 2021. Also the Company received the consent of JT Banka to defer payment of the March debt service (interest payment in the amount of USD 510 thousand is postponed to June 2022 and payment of principal in the amount of USD 1,200 thousand is postponed till maturity date).

Additionally, management has considered that even in the adverse but plausible scenario with no operating cash inflows for 2022, the Group would have sufficient cash to cover all current liabilities during the 2022 including bank liabilities and liabilities under bonds' coupon for the year ending 31 December 2022 of around USD 10 mln (see Note 17(d)).

Management believes that actions taken and management future plans including variable scenarios support the sustainability of the Group's business, which mitigate the level of uncertainty to the level where management may conclude that the Group is a going concern.

However, further prolongation of military activities may result in disruption of the daily operating activities of the Group's investments, or significant damage to the Group's assets. In addition, the future business environment may differ from management's assessment.

The events or condition described above indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

These consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that would be necessary if the Group was unable to continue as a going concern.

With regards to the destroyed building of the West Gate Logistics warehouse, the Company initiated a criminal case and registered the damages on the special website https://damaged.in.ua/ that was launched jointly with the Office of the President and the Ministry of Economy of Ukraine to collect information about damaged objects during the war started by Russia against Ukraine. This information will later be used by the Ukrainian government as evidence in international courts to force Russia to compensate damages.

The Ukrainian government has not yet established the explicit legal mechanisms for compensating losses incurred by businesses that were targeted by Russian military attacks. However, officials are actively working on developing such mechanisms. The draft law prescribing a procedure for compensating victims of armed aggression is already on the Ukrainian parliament's agenda. The Group also plans to take further actions necessary to obtain compensation for damages.

(b) 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.

In Cyprus, on 15 March 2020, the Council of Ministers in an extraordinary meeting, announced that it considers that Cyprus is entering a state of emergency considering the uncertain situation as it unfolds daily, the growing spread of COVID-19 outbreak and the World Health Organization's data on the situation.

To this end, certain measures have been taken by the Republic of Cyprus since then with a view to safeguarding public health and ensuring the economic survival of working people, businesses, vulnerable groups and the economy at large.

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 within the year. 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 throughout the year. The measures had been continuously revised (lifted or tightened) by the Republic of Cyprus during the year taking into consideration the epidemic status in the country.

The objective of these public policy measures was to contain the spread of COVID-19 outbreak and have resulted in minor operational disruption for the Company.

In parallel, governments, including the Republic of Cyprus, introduced various financial support schemes in response to the economic impacts of the COVID-19 coronavirus pandemic. The parent Company has not applied for such government assistance. The details of all the arrangements that might be available to the parent Company and the period throughout which they will remain available are continuing to evolve and remain subject to uncertainty. The parent Company is continuing to assess the implications for its business when these arrangements are no longer available and has reflected their impact in its stress scenarios for going concern purposes.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty though, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome. Management's current expectations and estimates could differ from actual results. Management will continue to monitor the situation closely and will assess any needs in case the period of disruption becomes prolonged.

3. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

(b) Basis of measurement

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

Items	Measurement
Investment properties	Fair value
Derivatives	Fair value

(c) Adoption of new and revised International Financial Reporting standards and Interpretations as adopted by the European Union (EU)

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted.

The following amended standards and interpretations are not expected to have a significant impact on the Group's financial statements:

- *COVID-19-Related Rent Concessions (Amendment to IFRS 16);*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16);*
- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);*
- *Amendments to IAS 1 - Classification of Liabilities as Current or Non-current;*
- *IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts;*
- *Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)*
- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)*
- *Amendments to IFRS 16 – Covid-19-related Rent Concessions beyond 30 June 2021*
- *Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

(d) Functional and presentation currency

These consolidated financial statements are presented in thousands of US dollars (USD), which is the Group's functional currency as well as the functional currency of NUPEH CZ s. r. o. the Group's Subsidiary and the functional currency of the Ukrainian subsidiaries is the Ukrainian hryvnia ("UAH"). For the benefit of principal users, management chose to present these consolidated financial statements in US Dollars ("USD"). All amounts have been rounded to the nearest thousand, unless otherwise indicated.

In translating these consolidated financial statements into USD the Group follows a translation policy in accordance with International Financial Reporting Standard IAS 21 *The Effects of Changes in Foreign Exchange Rates* and the following rates are used:

- historical rates: for the equity accounts except for net profit or loss and other comprehensive income for the year;
- year-end rate: for all assets and liabilities;
- rates at the dates of transactions: for the statement of profit or loss and other comprehensive income.

UAH is not a freely convertible currency outside Ukraine, and, accordingly, any conversion of UAH amounts into USD should not be construed as a representation that UAH amounts have been, could be, or will be in the future, convertible into USD at the exchange rate shown, or any other exchange rate.

The principal UAH exchange rates used in the preparation of these consolidated financial statements are as follows:

	As at 31 December 2021	**Average exchange rate for 2021**	As at 31 December 2020	Average exchange rate for 2020
USD	**27.28**	**27.29**	28.27	26.96

(e) Use of judgments, estimates and assumptions

The preparation of consolidated 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 recognized 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 consolidated financial statements and could lead to significant adjustment in the next financial year are included in the following notes:

- Note 6(b) – determination of fair value of investment property:
- Note 4(j) – determination of lease payments on leases with municipal authorities.

Measurement of fair values

A number of the Group'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 Group'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 Group uses market observable data as far as possible. Fair values are categorized 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 Group 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 6(b) – Determination of fair value of investment property; and
- Note 17 (e(iii)) – Fair values.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021. The dormant Cyprus subsidiaries (currently under liquidation) were immaterial and not consolidated.

Control 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 the Group 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; and
- the ability to use its power to affect its returns.

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 listed above.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and 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; and
- the Group's voting rights and potential voting rights.

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 financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(b) 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.

(c) Financial instruments

(i) Recognition, initial measurement and derecognition

Trade receivables are initially recognised when they are originated.

All other financial assets and financial liabilities are initially recognised when the Group 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 Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group 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 recognised 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 recognised 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 Group 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 Group 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 Group'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 Group 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 Group'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 Group'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 Group 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 Group considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group'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 Group measures all of its financial liabilities (including bonds), 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 Group 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 Group 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 Group and all counterparties.

(d) Investment properties

Investment properties are held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes.

Investment properties principally comprise investment properties held for rental income earning.

(i) Initial measurement and recognition

Investment property is measured initially at cost, including related acquisition costs. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

If the Group uses part of the property for its own use, and part to earn rentals or for capital appreciation, and the portions can be sold or leased out separately, they are accounted for separately. Therefore, the part that is rented out is investment property. If the portions cannot be sold or leased out separately, the property is investment property only if the Group-occupied portion is insignificant.

(ii) Subsequent measurement

Subsequent to initial recognition investment property is stated at fair value. Any gain or loss arising from a change in fair value is included in profit or loss in the period in which it arises.

When the Group begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured at fair value, and is not reclassified to property, plant and equipment during the redevelopment.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Investment property is derecognised on disposal or when they are permanently withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss on disposal is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised as gain or loss in profit or loss.

To determine the fair value of investment property as at 31 December 2021 and 31 December 2020 management engaged an independent appraiser.

(e) 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.

Retained earnings

Retained earnings include accumulated profits and losses incurred by the Group.

Currency translation reserve

Currency translation reserve comprises foreign currency differences arising from the translation of these financial statements.

Dividend distribution

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

(f) Impairment

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

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

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group 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 Group 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 Group expects to receive).

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

Credit-impaired financial assets

At each reporting date, the Group 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 Group on terms that the Group 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 Group 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.

(g) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

(h) Provisions

A provision is recognised if, as a result of a past event, the Group 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) Revenue

Revenue of the Group is mainly represented by rental income recognised in accordance with IFRS 16 *Leases*. Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

Revenue from provision of utilities and other services the Group has adopted IFRS 15 *Revenue from Contracts with Customers*.

The details of the significant accounting policies in relation to the Group's services are set out below.

Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Type of service	Nature, timing of satisfaction of performance obligations, significant payment terms	Policy applicable
Provision of utilities and other services	Provision of utilities and other services represent payments by tenants for utilities and maintenance of common parts in shopping centre (e.g. cleaning, insurance, repairs, parking). Revenue is recognised over time as those services are provided. As the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's services provided to date, the Group uses practical expedient available in IFRS 15 and recognises revenue in the amount to which the Group has a right to invoice. Invoices for revenue from provision of utilities and other services are issued on a monthly basis and are usually payable within the month. Under IFRS 16, for a contract that contains a lease component and one or more additional lease or non-lease components, the consideration in the contract is allocated to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The stand-alone selling price is determined based on contractually stated price that is defined separately for each obligation and reflects market prices for the similar services.	Revenue is recognised in profit or loss over time in the period when the services are provided, recovery of consideration is probable and when the amount of revenue can be measured reliably.

Compensation for utilities and other services relates to the transactions in which the Companies acts as a principal rather than as an agent. Management considered the following factors in distinguishing between an agent and a principal:

- the Subsidiary has responsibility for fulfilling the service to the customer;
- the Subsidiary can vary the selling prices set by the supplier by their own consideration.

(j) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In accordance with IFRS 16 variable payments which do not depend on index or rate, e. g. which do not reflect changes in market rental rates, should not be included in the measurement of lease liability. In respect of municipal land leases where lease payments are based on cadastral value of the land plot and do not change until the next revision of that value or the applicable rates (or both) by the authorities, the Group has determined that, under the current revision mechanism, the land lease payments cannot be considered as either variable that depend on index or rate or in-substance fixed, and therefore these payments are not included in the measurement of the lease liability.

No lease liability or right-of-use asset was recognised as at 31 December 2021 and 31 December 2020.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group leases out its investment property. The Group has classified these leases as operating leases.

Payments received under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

(k) 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.

(l) 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.

(m) Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes, penalties and late-payment interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

5. Corresponding figures – correction of errors and changes in presentation

In previous years management determined that the Company is an investment entity as defined by IFRS and measured all of its investments at fair value through profit or loss. During the year ended 31 December 2021, management determined that the Company does not meet the definition of investment entity in accordance with IFRS 10 Consolidated Financial Statements mainly because the parent Company used the subsidiaries' assets as a collateral for obtaining the Company's borrowings, which is considered prohibited transaction under IFRS10 B85I(c). In addition, the appointment of the asset managers through the wholly owned subsidiaries is considered an extension of the parent Company for providing day to day management of the investees, something which is not in accordance with the essential elements of IFRS 10 requirements. Accordingly, the Company has to consolidate its subsidiaries – investees in real estate assets in Ukraine.

As a result of this correction, the Company has also adjusted the measurement basis for the deferred tax assets and liabilities that were previously measured at fair value 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. In these consolidated financial statements these fair value adjustments have been reversed.

(a) Summary of quantitative impacts

(i) Impact of corrections on statement of financial position

(in thousands of USD)	**31 December 2020 as previously reported**	Adjustments	31 December 2020 (restated)	**1 January 2020 as previously reported**	Adjustments	1 January 2020 (restated)
Assets						
Non-current assets						
Financial assets at fair value through profit or loss	**164,502**	(164,502)	-	**180,281**	(180,281)	-
Investment properties	-	172,900	172,900	-	183,800	183,800
Prepayments for investment properties	-	8	8	-	342	342
Receivables from derivatives	**1,696**	-	1,696	-	-	
Property, plant and equipment	**1**	20	21	-	47	47
Total non-current assets	**166,199**	8,426	174,625	**180,281**	3,908	184,189
Current assets						
Cash and cash equivalents	**5,981**	2,544	8,525	**5,057**	4,596	9,653
Trade and other receivables	**7**	624	631	**81**	2,363	2,444
Refundable tax (tax receivable)	**86**	-	86	**86**	232	318
Prepayments	-	451	451	-	474	474
Inventories	-	12	12	-	-	-
Other current assets	-	29	29	-	14	14
Total current assets	**6,074**	3,660	9,734	**5,224**	7,679	12,903
Total assets	**172,273**	12,086	184,359	**185,505**	11,587	197,092

	31 December 2020 as previously reported	Adjustments	31 December 2020 (restated)	1 January 2020 as previously reported	Adjustments	1 January 2020 (restated)
Equity and Liabilities						
Equity						
Share capital	**69**	-	69	**69**	-	69
Share premium	**64,449**	-	64,449	**64,449**	-	64,449
Retained earnings	**37,135**	(11,867)	25,268	**86,317**	(31,448)	54,869
Currency translation reserve	-	3,049	3,049	-	20,536	20,536
Total equity	**101,653**	(8,818)	92,835	**150,835**	(10,912)	139,923
Non-current liabilities						
Loans and borrowings	**34,010**	-	34,010	**24,500**	-	24,500
Issued bonds	**31,697**	-	31,697	-	-	-
Deferred tax liability	-	17,256	17,256	-	18,001	18,001
Tenants' security deposits	-	747	747	-	1,493	1,493
Total non-current liabilities	**65,707**	18,003	83,710	**24,500**	19,494	43,994
Current liabilities						
Payables from derivative	-	-	-	-	-	-
Loans and borrowings	**4,375**	-	4,375	**10,005**	-	10,005
Issued bonds	**359**	-	359	-	-	-
Trade and other payables	**179**	356	535	**165**	397	562
Tenants' security deposits	-	1,092	1,092	-	625	625
Prepayments received	-	721	721	-	810	810
Income tax payable	-	418	418	-	-	-
Other taxes payable	-	314	314	-	1,173	1,173
Total current liabilities	**4,913**	2,901	7,814	**10,170**	3,005	13,175
Total liabilities	**70,620**	20,904	91,524	**34,670**	22,499	57,169
Total equity and liabilities	**172,273**	12,086	184,359	**185,505**	11,587	197,092

(ii) Impact of corrections on statement of profit or loss and other comprehensive income

(in thousands of USD)	2020 (as previously reported)	Adjustments	**2020 (restated)**
Net gain from financial assets at fair value through profit or loss	85	(85)	-
Revenue	-	25,627	**25,627**
Cost of sales	-	(4,058)	**(4,058)**
Gross profit	-	21,569	**21,569**
General and administrative expenses	(435)	(970)	**(1,405)**
Other operating expenses	(11)	-	**(11)**
Sales and distribution expenses	-	(125)	**(125)**
Fair value gain on investment properties	-	15,001	**15,001**
Other expenses, net	-	(24)	**(24)**
Total operating (loss)/profit	(361)	35,366	**35,005**
Fair value change on derivatives	1,696	-	**1,696**
Finance costs	(5,279)	(12,653)	**(17,932)**
Finance income	-	401	**401**
(Loss)/ Profit for the year	(3,944)	23,114	**19,170**
Income tax expense	(238)	(3,533)	**(3,771)**
Net profit for the year	(4,182)	19,581	**15,399**
Other comprehensive loss			
Items that will not be reclassified to profit or loss:			
Currency translation difference	-	(17,487)	**(17,487)**
Other comprehensive loss	-	(17,487)	**(17,487)**
Total comprehensive loss for the year	(4,182)	2,094	**(2,088)**

(iii) Impact of corrections on statement of cash flows

(in thousands of USD)	2020 (as previously reported)	Adjustments	**2020 (restated)**
Cash flows from operating activities			
Profit for the year	(4,182)	19,581	**15,399**
Adjustments for:			
Net gain from financial assets at fair value through profit or loss	(85)	(14,916)	**(15,001)**
Finance costs	5,616	12,316	**17,932**
Revaluation of financial instruments	(1,696)	-	**(1,696)**
Acquisition proceeds paid to Cyprus companies for the purchase of share capital of Ukrainian companies	(143,159)	143,159	-
Loans obtained from Cyprus companies (later set-off with dividends received)	143,211	(143,211)	-
Loans principal received	11,084	(11,084)	-
Interest received	5,178	(5,178)	-
Increase of share capital of investee	(450)	450	-
Finance income	-	(426)	**(426)**
Depreciation	-	52	**52**
Tax expense	238	3,533	**3,771**
Operating cash flows before changes in working capital	15,755	4,276	**20,031**
(Increase)/Decrease in trade and other receivables	71	(71)	-
Increase in trade and other payables	15	(15)	-
Change in trade and other payables	-	84	**84**
Change in trade and other accounts receivable	-	179	**179**
Change in prepayments made	-	23	**23**
Change in tax payable and tax receivable	-	(94)	**(94)**
Change in inventories	-	(5)	**(5)**
Change in tenants' deposits	-	205	**205**
Change in prepayments received	-	77	**77**
Tax paid	(238)	(1,491)	**(1,729)**
Cash flows from operating activities	15,603	3,168	**18,771**
Cash flows used in investing activities			
Capital improvements of investment properties	-	(5,082)	**(5,082)**
Acquisition of property, plant and equipment	-	(65)	**(65)**
Cash flows used in investing activities	-	(5,147)	**(5,147)**
Cash flows from financing activities			
Proceeds from bonds' issue	29,102	-	**29,102**
Proceeds from loans and borrowings obtained	40,000	-	**40,000**
Interest expense on loan to related party	(54)	54	-
Loans and borrowings repaid	(35,600)	-	**(35,600)**
Interest expense on loans and borrowings paid	(3,127)	-	**(3,127)**
Dividends paid	(45,000)	-	**(45,000)**
Cash flows used in financing activities	(14,679)	54	**(14,625)**
Net change in cash and cash equivalents	924	(1,925)	**(1,001)**
Cash and cash equivalents at the beginning of the year	5,057	4,596	**9,653**
Effect of foreign exchange fluctuation on cash balances	-	(127)	**(127)**
Cash and cash equivalents at 31 December	5,981	2,544	**8,525**

6. Investment properties

(a) Movements in investment properties

Movements in investment properties for the reporting period are as follows:

(in thousands of USD)	**Total**
At 1 January 2020	183,800
Capital improvements	5,082
Fair value gain on investment properties	15,001
Effect from translation into presentation currency	(30,983)
At 31 December 2020	172,900
Capital improvements	5,662
Fair value gain on investment properties	9,634
Effect from translation into presentation currency	6,504
At 31 December 2021	**194,700**

As at 31 December 2021 and 31 December 2020, the Group's investment properties are pledged to secure bank loans of New Ukraine PE Holding Limited and bonds issued by NUPEH CZ s.r.o.

(b) Determination of fair value

To assist with the estimation of fair value of investment properties as at 31 December 2021 and 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 31 December 2021 and 31 December 2020 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 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 2021, the estimation of fair value is made using the direct capitalization method and discounted cash flow method under the income approach based on certain assumptions, the most important of which are as follow:

- Discount rate ranging from 11.5% to 15% and capitalisation rate ranging from 11.5% to 12.75% used for calculation of the terminal value following the end of projection period of one year, which represent key unobservable inputs for determination of fair value of the investment properties.

- Monthly rental rates ranging from:
  - ✓ For Pyramida project monthly rental income is affected by reconstruction of the Business Centre part of the subject property. Thus, gross leasable area is expected to increase from actual of 15,948 sq.m as at 31 December 2021 to 20,879 sq.m. at the end of 2Q 2022 and used further in the terminal period. Therefore, monthly rental rates in the projection period (1Q2022-4Q2022) for the Shopping Centre part have been estimated to range from 35.2 to 36.4 USD per sq. m. and the latter rate to be used in the terminal period and for Business Centre part from 14.8 to 15.4 USD for sq,m. (3Q2022-4Q2022). All estimates are based on budgeted rent-roll for 2022 year that include contractual rental rates and estimated rental rates based on preliminary agreements for new reconstructed premises concluded with the tenants. For the reconstructed Shopping Center there is also expectation that the contracts with the new tenants will be concluded and existing contracts with expiring contracts will be re-signed at higher rates. There is a risk that actual rates may not be increased upon new contract signing. In this case the fair value of the property may be reduced.
  - ✓ USD 4.6 to USD 4.3 per sq. m. for the West Gate and East Gate projects that are based on contractual rental rates as per budgeted rent-roll for 2022.
  - ✓ USD 15.7 to 16.3 USD 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 2022.
- Expected vacancy rates are as follows:
  - ✓ Vacancy rates for Pyramida project 2022 were projected based on Client's budgeted rent-roll and are expected to gradually decrease from 0.2% in 1Q2022 to 0% in 2Q2022 for the Shopping Centre part and decrease from 77% in 3Q 2022 to 0% in 4Q 2022 for Business Centre part. The 2% of vacancy for Shopping Centre part and 5% for the Business Centre part 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 Pyramida centre.

    The Group's management expects that the 2nd turn of the reconstruction increasing the gross leasable area to 20,879 sq.m. will be input into use till the end of 2Q 2022. 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 Group's management (for example, the regulatory process of official ownership registration).
  - ✓ Vacancy rate for West Gate project is forecasted at the level of 0.9% during the 2022 year and at the level of 2% to be used as structural vacancy. For East Gate project vacancy rate is forecasted at the level of 5.2% as the structural vacancy.
  - ✓ Vacancy rates for Eurasia office center were projected based on Client's forecast rent-roll to gradually decrease from 18.5% in 1Q2022 to 12.7 % at the end of 4Q2022 and the vacancy rate 5% latter to be used as the structural vacancy.
  - ✓ Vacancy rates for Prime office center were projected based on Client's forecast rent-roll to gradually decrease from 18.6% in 1Q2022 to 4.4 % at the end of 4Q2022 and the vacancy rate 5% latter to be used as the structural vacancy.
- The average ratio of reimbursement of operating expenses by the tenants is following, which is based on contractual terms.
  - ✓ 80% for the Pyramida project.
  - ✓ 95% for the West Gate and 100% for the East Gate projects.
  - ✓ 127% for the PMS One and 92% for the PMS Two projects.
- The capital expenditures are included in cash outflows for the first forecasted year and excluded from cash flows in terminal period.

The fair value of West Gate project is highly dependent on capital expenditures in terminal period. The market value of yearly capital expenditures in terminal period is assessed at the level of USD 370 thousand for the property of such class. With the market amount of yearly capital expenditures, the fair value of West Gate project would be lower by approximately USD 3,150 thousand than the current value.

As to the Pyramida shopping centre – the capital expenditure for reconstruction of the Pyramida shopping centre was projected for the year 2022 at the amount of USD 3,052 thousand. At the same time, the capital expenditures in the terminal period were not applied, similarly to other Group's objects. With the market amount of yearly capital expenditures in terminal period of approximately USD 100 thousand, the fair value of Pyramida shopping and business center would be lower by approximately USD 900 thousand than the current value.

During the 2021 year the fair value of the Pyramida Project significantly increased mainly due to the following:

- The Group made a reconstruction of Shopping Center Pyramida increasing its gross building area by 4,106 sq.m., which comprises approximately 25% from gross building area before the reconstruction of Shopping Center.
- Additionally, the Group is in the process of construction of the Business Center to the main building of the Shopping Center. The gross area of the Business Center is planned to comprise 5,328 sq.m. However, as at 31 December 2021 and at the date of these consolidated financial statements, the Business Centre has not yet been input into use.

  The amount of CAPEX incurred in 2021 year for the reconstruction of the Shopping Center and Business Center of the Pyramida Project comprised USD 5,850 thousand.

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 Pyramida project), which represent key unobservable input for determination of fair value of the investment property;
- Monthly rental rates ranging from:
  - ✓ For Pyramida 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 Pyramida 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 Pyramida 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 are 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 notbe always under the control of the Group'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 Pyramida 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 Pyramida shopping centre was projected for the year 2021 at the amount of USD 5,514 thousand.

Sensitivity of fair value measurement to changes in unobservable inputs – all real estate projects

The valuation model used to assess the fair value of investment properties as at 31 December 2021 and 31 December 2020 is particularly sensitive to key inputs in the following areas.

(in thousands of USD)

For Pyramida project (APV):

	Increase	**Decrease**
31 December 2021		
Capitalisation rate (1 p.p. movement) (key unobservable input)	**(4,200)**	**5,000**
Monthly rental rates (10 p.p. movement)	**5,900**	**(5,900)**
Ratio of reimbursement of operating expenses (25 p.p. movement)	**3,600**	**(3,600)**
Vacancy rates (+5/-2 p.p, movement)	**(1,800)**	**1,300**
	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:

	Increase	Decrease
31 December 2021		
Capitalisation rate (1 p.p. movement) (key unobservable input)	**(3,600)**	**4,200**
Monthly rental rates (10 p.p. movement)	**4,800**	**(4,900)**
Ratio of reimbursement of operating expenses (25 p.p. movement)	**4,500**	**(4,500)**
Vacancy rates (+5/-2 p.p, movement)	**(2,500)**	**2,500**

	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:

	Increase	Decrease
31 December 2021		
Capitalisation rate (1 p.p. movement) (key unobservable input)	**(1,100)**	**1,400**
Monthly rental rates (10 p.p. movement)	**1,600**	**(1,500)**
Ratio of reimbursement of operating expenses (25 p.p. movement)	**1,500**	**(1,400)**
Vacancy rates (+5/-2 p.p, movement)	**(800)**	**800**

(in thousands of USD)

	Increase	Decrease
31 December 2020		
Capitalisation rate (1 p.p. movement) (key unobservable input)	(1,200)	1,400
Monthly rental rates (10 p.p. decrease)	1,400	(1,500)
Ratio of reimbursement of operating expenses (25 p.p. movement)	1,200	(1,200)
Vacancy rates (2 p.p, movement)	(300)	300

For WGL project:

	Increase	Decrease
31 December 2021		
Capitalisation rate (1 p.p. movement) (key unobservable input)	**(3,400)**	**4,100**
Monthly rental rates (10 p.p. movement)	**4,500**	**(4,400)**
Ratio of reimbursement of operating expenses (25 p.p. movement)	**3,000**	**(3,000)**
Vacancy rates (+5/-2 p.p, movement)	**(1,300)**	**900**

	Increase	Decrease
31 December 2020		
Capitalisation rate (1 p.p. movement) (key unobservable input)	(2,495)	2,894
Monthly rental rates (10 p.p. decrease)	3,617	(3,617)
Ratio of reimbursement of operating expenses (25 p.p. movement)	2,293	(2,052)
Vacancy rates (2 p.p, movement)	(925)	740

For EGL project:

	Increase	Decrease
31 December 2021		
Capitalisation rate (1 p.p. movement) (key unobservable input)	**(1,700)**	**2,100**
Monthly rental rates (10 p.p. movement)	**2,300**	**(2,200)**
Ratio of reimbursement of operating expenses (25 p.p. movement)	**1,400**	**(1,300)**
Vacancy rates (+5/-2 p.p, movement)	**(1,000)**	**1,100**

	Increase	Decrease
31 December 2020		
Capitalisation rate (1 p.p. movement) (key unobservable input)	(1,426)	1,664
Monthly rental rates (10 p.p. decrease)	2,014	(2,014)
Ratio of reimbursement of operating expenses (25 p.p. movement)	909	(909)
Vacancy rates (2 p.p, movement)	(430)	430

(c) Usage of the land plot

As at 31 December 2021 and 31 December 2020, APV has a lease agreement for rent of the part of the land plot on which its shopping center Pyramida is located. The land plot under lease agreement is in ownership of Kyiv city administration. The lease agreement of the Group for rent of land plot matures on 29/05/2025.

EGL has a lease agreement for rent of the part of the land plot on which its property is located. The lease agreement of the Group for rent of land plot matures on 14/04/2030.

PMS One does not have a lease agreement for rent of the land plot on which its business centre "Eurasia" is located. The respective land plot is in ownership of the Kyiv City Council. The title to the Land associated to the Investment Property has not yet been formalized the as at 31/12/2021. However, it is still be able to use the land on so called "de facto" principle. As a matter of practice, this type of unformalized use of land may last for years.

7. Cash and cash equivalents

The following table represents an analysis of cash and cash equivalents based on companies of the Group as at 31 December 2021:

(in thousands of USD)	**31 December 2021**
New Ukraine PE Holding Limited	**6,613**
Piramida Project	**4,130**
NUPEH CZ s. r. o.	**359**
PMS One Project	**347**
PMS Two Project	**172**
WGL Project	**52**
EGL Project	**5**
Total	**11,678**

The following table represents an analysis of cash and cash equivalents based on companies of the Group as at 31 December 2020:

(in thousands of USD)	31 December 2020
New Ukraine PE Holding Limited	5,865
Piramida Project	2,027
PMS One Project	201
PMS Two Project	182
NUPEH CZ s. r. o.	116
WGL Project	86
EGL Project	48
Total	8,525

The following table represents an analysis of cash and cash equivalents based on Moody's ratings as at 31 December 2021:

(in thousands of USD)	**31 December 2021**
Bank balances	-
B1	**113**
B2	**2**
B3	**150**
Not rated	**11,413**
Total	**11,678**

The following table represents an analysis of cash and cash equivalents based on Fitch ratings as at 31 December 2020:

(in thousands of USD)	31 December 2020
Bank balances	-
Caa1	2,272
B3	130
Not rated	6,123
Total	8,525

As at 31 December 2021 cash balances amounting to USD 6,859 thousand (2020: USD 5,822 thousand) held in the bank which is unrated relate to the same bank in which the Group has received its loans financing (Note 10). Another part of balance of the cash held in the unrated bank amounting to USD 4,548 thousand relates to the related party bank institution in which Dragon Capital Investments Limited (Cyprus), one of the Group's shareholder, has control.

As at 31 December 2021 and 31 December 2020 cash balances include restricted cash placed at the Debt Service Reserve Account amounting to USD 1,636 thousand which under loan facilities agreement serves as a collateral to the payment of liabilities arisen under bonds issued.

8. Bonds issued

As at 31 December 2021, the terms and debt repayment schedule of bonds issued are as follows:

(in thousands of USD)	**31 December 2021**	31 December 2020
Issued bonds at amortized cost	46,990	32,056
	46,990	32,056
Out of that: short term	**591**	359
Out of that: long term	**46,399**	31,697

Short-term financial instruments are represented by accrued interest on issued bonds, which is due within one year from the balance sheet date. Long-term instruments are presented by the principal payable.

Detailed information in respect of bonds issued as at 31 December 2021 is provided in the table below:

(in thousands of USD)	**Principal**	**Accrued interest**	**Maturity**	**Coupon rate (%)**	**EIR**
Issued bonds	30,883	527	30 October 2025	5,9%	6,76%
Issued bonds	8,867	37	30 October 2025	5,9%	7,00%
Issued bonds	6,649	27	30 October 2025	5,9%	7,00%
	46,399	**591**		**5,9%**	**-**

Reconciliation of bonds' movements:

(in thousands of USD)

Balance at 1 January 2020	-
Cash movements	
Proceeds from issue of bonds	29,102
Non-cash movements	
Interest accrued on bonds	359
Effect from foreign exchange rates	2,595
Balance at 31 December 2020	32,056
Cash movements	
Proceeds from issue of bonds	**15,887**
Interest payment	**(2,374)**
Non-cash movements	
Interest accrued on bonds	**2,619**
Effect from foreign exchange rates	**(1,198)**

Balance at 31 December 2021	**46,990**

The bonds were issued on the Stock exchange in Prague (Czech Republic) on 30 October 2020 with total nominal value of CZK 700 million (USD 30,048 thousand), maturing in 2025. They are listed on the public market.

Additional bonds were issued on 30 June 2021 with total nominal value of CZK 350 million (USD 16,325 thousand), maturing in 2025. They are listed on the public market.

Interest is payable twice: on 30 April and 30 October each year. The total nominal amount of subscribed bonds as at 31 December 2021 was CZK 1,050 million.

New Ukraine PE Holding Limited (Shareholder) guaranteed the Issuer's Bonds in the form of a financial guarantee under Czech law. The Group 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 the Group), the Group will repay the principal of the Bond in a lump sum on 30 October 2025.

Transaction costs in the amount of CZK 22,097 thousand (USD 946 thousand) were associated with the issue of the Bonds with the nominal value CZK 700 million. These costs are recognized in the consolidated 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 %.

Transaction costs in the amount of CZK 6,331 thousand (USD 288 thousand) were associated with the issue of the Bonds with the nominal value CZK 200 million. These costs are recognized in the consolidated income statement during the Bonds life based on the effective interest rate. The coupon rate is 5.9%. The effective interest rate is 7.00 %.

Transaction costs in the amount of CZK 4,748 thousand (USD 216 thousand) were associated with the issue of the Bonds with the nominal value CZK 150 million. These costs are recognized in the consolidated income statement during the Bonds life based on the effective interest rate. The coupon rate is 5.9%. The effective interest rate is 7.00 %.

Bonds issued at amortised cost are categorised in Level 1 of the fair value hierarchy. The fair value for Level 1 was calculated based on quoted bond price as at 31 December 2021 and 31 December 2020.

9. Receivables and payables from derivative operations

(in thousands of USD)	**31 December 2021**	31 December 2020
Fair value of the swap	**(2,220)**	1,696
	(2,220)	1,696

As at 31 December 2021 the Group has 3 cross currency swaps with J&T BANKA, a.s. to bridge the currency mismatch between the issued bonds and the provided loan in USD.

The Group set up a swap on 30 October 2020 in the amount of CZK 700,000 thousand with a Czech crown 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 October 29, 2025.

The Group valued and recognized the fair value of the swap as a liability in the amount of USD 435 thousand as at 31 December 2021, as at 31 December 2020 the fair value of the swap was recognized as a receivable in the amount of USD 1,696 thousand.

The Group set up a swap on 23 June 2021 in the amount of CZK 200,000 thousand with a Czech crown interest rate of 5.9% against the amount of USD 9,421 thousand with a dollar interest rate of 6.45%. The maturity of the swap is October 29, 2025.

The Group valued and recognized the fair value of the swap as a liability in the amount of USD 765 thousand as at 31 December 2021.

The Group set up a swap on 23 June 2021 in the amount of CZK 150,000 thousand with a Czech crown interest rate of 5.9% against the amount of USD 7,065 thousand with a dollar interest rate of 6.45%. The maturity of the swap is October 29, 2025.

The Group valued and recognized the fair value of the swap as a liability in the amount of USD 1,020 thousand as at 31 December 2021.

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 does not report a derivative as a hedging instrument; all movements in fair value are recognized as profit or loss in the consolidated income statement.

10. Loans and borrowings

This note provides information about the contractual terms of loans. For more information about the Group exposure to interest rate risk and foreign currency risk, refer to the Note 17.

As at 31 December 2021, the terms and debt repayment schedule of bank loans are as follows:

(in thousands of USD)	**Currency**	**Nominal interest rate**	**Effective interest rate**	**Maturity**	**Carrying value**
Long-term loans					
J&T BANKA (Facility A)	USD	6% + LIBOR	6.88%	31 Dec 2025	**27,629**
Total					**27,629**
Current portion of long-term loans					
J&T BANKA (Facility A)					**5,883**
Total					**5,883**

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

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

(a) J&T BANKA Loan

On 19 October 2020 the Group signed new Loan facilities agreement with the J&T BANKA that provided two facilities: Facility A (up to USD 40,000 thousand) and Facility B (up to CZK 1,575,000 thousand).

The Group utilized the whole amount of the loan Facility A on 22 October 2020. In accordance with the terms of the loan agreement, the Group is obliged to settle the loan in quarterly instalments defined by repayment schedule till 31 December 2025.

Funds under Facility B may only be used for repayment of NUPEH CZ bond liabilities. As at 31 December 2021 the Group has not utilized amount available under this facility.

These loan facilities are referred to as Junior Debt under Loan facilities agreement between New Ukraine PE Holding Limited, NUPEH CZ s.r.o. and J&T BANKA a.s. dated 19 October 2020 where NUPEH CZ s.r.o. has the right and priority of payment as Senior Notes Creditor.

Finance costs include interest expense accrued under J&T BANKA loan in 2021 amount to USD 2,457 thousand.

The Group's loans and borrowings at amortised cost are categorised in Level 2 of the fair value hierarchy. Such fair value was estimated by discounting the expected future cash flows under the market interest rate for similar financial instruments that prevails as at the reporting date.

Collateral

During the year ended 31 December 2017 the Group's shareholders (as described in Note 1) have signed the Option agreement with the Bank that granted them the right, in the case of event of default on J&T BANKA loan, to settle the J&T BANKA claim and get hold on relevant pledged assets.

As at 31 December 2021, the following pledge and guarantee agreements were concluded to secure the loan agreements of the Group (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 Group:

- Cypriot law Share Pledge Agreement in respect of approximately 57.81% 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 39.64% 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 2.55% shares in the Borrower between the Lender as pledgee and West Street Ems Partners, SLP, as pledgor.
- Czech law Share Pledge Agreement in respect of 100% shares in the Group'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 center "Pyramida" (Atlantic Pacific Ventures LLC);
  - Office premises in business center "Eurasia" (Property Management Solutions One);
  - Office premises in business center "Prime" (Property Management Solutions Two);
  - Two warehouse and logistics complexes owned by East Gate Logistic LLC and West Gate Logistic LLC
- Ukrainian law Intragroup Receivables Pledge Agreement were signed in respect of 100% receivables due to the Group from Ukrainian investees.
- Ukrainian law Bank Account Pledge Agreement in respect of bank accounts owned by Ukrainian investees.

Similar type pledge and guarantee agreements were concluded to secure the loan agreements of the Group as at 31 December 2020.

Subsequent events

As at 12 April 2022, Group obtained from J&T BANKA a number of exemptions for the timing of reporting obligations to the Bank and to the supply of the Compliance Certificate at the end of the Financial Year 2021 and for the 2nd Financial Half of 2021.

At the same time, there are a number of events that occurred subsequently to the end of the reporting period, and namely after 24 February 2022 (see Note 2), that have negative impact on the Group's assets and operations, and, therefore, give rise to the events of default. However, at the date of issue of the consolidated financial statements, the Bank didn't declare its rights for the Group's pledge and did not declare intention to demand early settlement of the loan balances.

(b) Reconciliation of movements of liabilities to cash flows arising from financing activities

(in thousands of USD)	J&T BANKA Loan	Dividends	Total
Balance at 1 January 2020	34,505	-	34,505
Cash movements			
Proceeds from loans and borrowings received	40,000	-	40,000
Repayment of loans and borrowings	(35,600)	-	(35,600)
Finance expense paid	(3,127)	-	(3,127)
Dividends paid	-	(45,000)	(45,000)
Non-cash movements			
Finance costs	2,607	-	2,607
Dividends declared	-	45,000	45,000
Balance at 31 December 2020	**38,385**	-	**38,385**
Cash movements			
Repayment of loans and borrowings	**(5,043)**	-	**(5,043)**
Finance expense paid	**(2,287)**	-	**(2,287)**
Dividends paid	-	**(16,486)**	**(16,486)**
Non-cash movements			
Finance costs	**2,457**	-	**2,457**
Dividends declared	-	**16,486**	**16,486**
Balance at 31 December 2021	**33,512**	-	**33,512**

11. Tenants' security deposits

Tenants' security deposits as at 31 December 2021 and 31 December 2020 are as follows:

(in thousands of USD)	**31 December 2021**	31 December 2020
Short term tenants' security deposits	**910**	1,092
Long term tenants' security deposits	**1,705**	747
	2,615	1,839

Tenants' security deposits are held by the Group on an interest-free basis and can be used to cover any expenses and losses incurred by the Group due to the improper performance by the customer of its obligations under the lease agreement, including but not limited to, failure to pay the lease payment, maintenance fees or other charges provided for in the agreement. Part of tenant's security deposits can be used as a payment for the last month of the rent and by nature are considered to be as a prepayment for rent services.

The Group classifies its tenants' security deposits as long-term and short-term in accordance with the contractual maturity of its non-cancellable lease commitments. The non-cancellable period of the lease agreements of the Group is up to 5 years. The tenants' security deposits that cannot be used as a payment for the last month of the rent are stated at amortised cost and discounted under effective market interest rates.

The difference between the initial fair value and the nominal value of the tenants' security deposits is presented as deferred income and amortised over the lease period to fixed rental income.

12. Revenue

Revenue for the years ended 31 December is as follows:

(in thousands of USD)	**2021**	2020
Rental income:		
Fixed lease payments	**19,720**	19,121
Variable lease payments	**644**	691
Total rental income	**20,364**	19,812
Revenue from contracts with customers:		
Provision of utilities and other services	**6,339**	5,405
Other revenue	**785**	410
Total revenue from contracts with customers	**7,122**	5,815
	27,488	25,627

13. Cost of sales

Cost of sales for the years ended 31 December is as follows:

(in thousands of USD)	**2021**	2020
Utilities	**2,034**	1,344
Personnel costs	**1,270**	1,027
Tax expense	**672**	536
Service charge	**633**	480
Repairs and maintenance	**379**	415
Insurance	**105**	104
Rent expense	**-**	35
Depreciation	**-**	9
Other	**157**	108
	5,250	4,058

14. Finance expenses

Financial expenses for the years ended 31 December are presented as follows:

(in thousands of USD)	**2021**	2020
Interest expenses on bonds	**2,619**	359
Interest expense on loans	**2,457**	2,607
Foreign exchange loss, net	**-**	14,689
Effect on discounting of tenant's deposits	**-**	167
Other	**203**	110
	5,279	17,932

Foreign exchange loss (as well as foreign exchange gain in Note 15) was generated primarily at the level of Ukrainian subsidiaries on intergroup loans that are denominated in USD and the functional currency of the Ukrainian subsidiaries is UAH and at the level of Czech subsidiry as bonds were issued in CZK and the functional currency of the Czech subsidiary is US Dollars.

15. Finance income

Financial income for the years ended 31 December is presented as follows:

(in thousands of USD)	**2021**	2020
Foreign exchange gain	**3,937**	-
Interest income	**174**	225
Other income	**235**	176
	4,346	401

16. Income tax expense

(a) Income tax expense

Income tax expense for the year ended 31 December is as follows:

(in thousands of USD)	**2021**	2020
Current tax expense	**1,983**	1,241
Deferred tax (expense)/benefit	**3,169**	2,292
Income tax expense for Ukrainian subsidiaries	**5,152**	3,533
Overseas taxes	**342**	238
Income tax expense for the Cyprus Parent	**342**	238
Total income tax expense	**5,494**	3,771

The applicable tax rate for reporting period in Ukraine is fixed at 18%.

The corporation tax rate for Cyprus companies is 12.5%. Also under certain conditions interest income in Cyprus may be subject to defence contribution at the rate of 30%. 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%.

(b) Reconciliation of effective tax rate

The difference between the total expected income tax expense for the year ended 2021 by applying the Ukrainian statutory income tax rate to profit or loss before tax and the reported tax expense is as follows:

(in thousands of USD)	**2021**	%	2020	%
Profit before tax	**24,747**	**100%**	19,170	100%
Income tax expense at statutory rate in Ukraine	**4,454**	**18.00%**	3,451	18.00%
Recognition of previously unrecognised deductible temporary differences	**-**	**-**	(122)	(0.64)
Non-taxable/(non-deductible) differences	**630**	**2.55%**	(246)	(1.28%)
Change in unrecognised deferred tax assets	**68**	**0.27%**	451	2.35%
	5,152	**20.82%**	3,533	18.43%

The difference between the total expected income tax expense for the year ended 2021 by applying the Cyprus tax rate to profit or loss before tax and the reported tax expense is as follows:

(in thousands of USD)	**2021**	2020
Accounting profit/(loss) before tax	**24,747**	(3,944)
Tax calculated at the applicable tax rates	**3,093**	(420)
Tax effect of expenses not deductible for tax purposes	**63**	24,101
Prior year tax	**-**	-
Tax effect of allowances and income not subject to tax	**(5,562)**	(23,613)
Tax effect of tax profit/(loss) for the year	**2,406**	(67)
Tax effect of tax group relief	**-**	-
Overseas tax	**342**	237
Tax as per statement of comprehensive income	**342**	238

(c) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities as at 31 December 2021 and 31 December 2020 are attributable to the following items:

	Assets		Liabilities		Net	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
(in thousands of USD)						
Investment properties	-	-	**(25,918)**	(22,975)	**(25,918)**	(22,975)
Tax losses carried forward	**4,994**	5,938	-	-	**4,994**	5,938
Loans to related parties			**(164)**	(326)	**(164)**	(326)
Trade and other accounts payable	**18**	82	-	-	**18**	82
Interest payable	-	25	-	-	-	25
Net deferred tax assets/(liabilities)	**5,012**	6,045	**(26,082)**	(23,301)	**(21,070)**	(17,256)

(d) Movements in recognised deferred tax assets and liabilities

Movements in recognised deferred tax assets and liabilities during the year ended 31 December 2021 are as follows:

(in thousands of USD)	**Balance as at 31 December 2020 asset / (liability)**	**Recognised in profit or loss**	**Foreign currency translation adjustment**	**Balance as at 31 December 2021 asset / (liability)**
Investment properties	(22,975)	(2,090)	(852)	**(25,917)**
Tax losses carried forward	5,938	(1,160)	217	**4,995**
Loans to related parties	(326)	174	(12)	**(164)**
Interest payable	91	(94)	3	-
Trade and other accounts payable	17	1	0	**18**
Deferred tax liabilities	(17,256)	(3,169)	(644)	**(21,069)**

Movements in recognised deferred tax assets and liabilities during the year ended 31 December 2020 are as follows:

(in thousands of USD)	Balance as at 31 December 2019 asset / (liability)	Recognised in profit or loss	Foreign currency translation adjustment	Balance as at 31 December 2020 asset / (liability)
Investment properties	(24,094)	(2,927)	4,046	(22,975)
Tax losses carried forward	6,485	530	(1,077)	5,938
Loans to related parties	(456)	58	71	(327)
Interest payable	43	57	(10)	90
Deferred tax liabilities	(18,003)	(2,282)	3,030	(17,256)

(e) Unrecognised deferred tax assets

Deferred tax assets have been recognised in these consolidated financial statements based on the estimation performed by the Group's management that future taxable profits will be available from operating lease rentals against which the Group can utilise the benefits therefrom.

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group use the benefits therefrom.

	31 December 2021		31 December 2020		31 December 2019	
(in thousands of USD)	**Gross amount**	**Tax effect**	Gross amount	Tax effect	Gross amount	Tax effect
Loans and borrowings	**5,075**	**914**	**4,790**	**862**	3,170	571

During the years ended 31 December 2021 and 2020, portion of unrecognised deferred tax assets became not eligible for deduction.

17. Financial instruments - Fair values and financial risk management

(a) Risk management framework

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

The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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 Group's activities.

The Group, 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.

(b) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk.

(c) Credit risk

As at 31 December 2021 and 31 December 2020 the expected credit losses were insignificant and were not accounted for. No financial assets were impaired at this date.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents and trade and other accounts receivable. The carrying amount of financial assets represents the maximum credit exposure.

The Group's short-term financial assets, other than cash and cash equivalents, comprise of trade and other receivables as follows:

(in thousands of USD)	**2021**	2020
Ukrainian subsidiaries	**652**	624
NUPEH CZ s. r. o.	**72**	-
New Ukraine PE Holding Limited	**35**	7
Total trade and other receivables	**759**	631

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis. No expected credit losses were recognised as at 31 December 2021 and 31 December 2020 due to the short-term nature to cash and cash equivalents.

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities as at 31 December 2021. The amounts are gross and undiscounted, and include estimated interest payments:

(in thousands of USD)	Carrying amount	Contractual cash flows Total	Within one year	2-5 years	More than 5 years
Loans and borrowings from J&T BANKA	33,512	39,848	6,877	32,971	-
Bonds issued by NUPEH CZ	46,990	60,034	3,272	56,762	-
Trade and other payables	731	731	731	-	-
	81,233	100,613	10,880	89,733	-

The following are the contractual maturities of financial liabilities as at 31 December 2020. The amounts are gross and undiscounted, and include estimated interest payments:

(in thousands of USD)	Carrying amount	Contractual cash flows Total	Within one year	2-5 years	More than 5 years
Loans and borrowings from J&T BANKA	38,385	47,339	6,813	40,526	-
Bonds issued by NUPEH CZ	32,056	43,772	2,208	41,564	-
Trade and other payables	535	535	535	-	-
	70,976	91,646	9,556	82,090	-

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Foreign currency risk

Foreign currency risk is the risk that the financial result of the Group will be adversely impacted by changes in exchange rates to which the Group is exposed. Ukrainian subsidiaries of the Group have significant loans balances denominated in USD as at 31 December 2021 and 31 December 2020 and are exposed to foreign currency risk in the event of significant devaluation of Ukrainian Hryvnia. The Company manages this risk in the process of sales pricing by linking rent charges to changes in USD and EUR exchange rates.

Also transactions related to the issued bond were captured by the Group by concluding a currency cross currency swap with the bank.

More details regarding cross currency swap no.1 are in the table below:

Party A	J&T BANK („J&TB")
Party B	NUPEH CZ s.r.o. („NUPEH")
Instrument	USD/CZK Cross currency swap
Purpose	hedge of currency and interest rate risk related to a new bond issue in CZK
Market	OTC
	NUPEH borrows USD and pays USD fix coupon @7,25% pa 30E/360 s/a, and lends CZK and receives CZK fix coupon @5,90% pa 30E/360 s/a
Side	J&TB vice versa
Currency pair	USD/CZK
Tenor	5years
Exchange rate	22.980 (spot market rate)
Notional	700,000,000 CZK

Initial notional exchange	
volume, currency	700,000,000 CZK
Side	NUPEH buys USD vs CZK, J&TB vice versa
Value date	October 30th 2020
Final notional Exchange	
Volume, currency	700,000,000 CZK
Side	NUPEH sells USD vs CZK, J&TB vice versa
Value date	End of last interest period
Interest payments	
Interest rate Period	Semi annually
Rates: CZK (NUPEH receives)	CZK fix 5,90% pa 30/360
Rates: USD (NUPEH pays)	USD fix 7,25% pa 30/360
Day count	30E/360

More details regarding cross currency swap no.2 are in the table below:

Party A	J&T BANK („J&TB")
Party B	NUPEH CZ s.r.o. („NUPEH")
Instrument	USD/CZK Cross currency swap
Purpose	hedge of currency and interest rate risk related to a new bond issue in CZK
Market	OTC
Side	NUPEH borrows USD and pays USD fix coupon @6,45% pa 30E/360 s/a, and lends CZK and receives CZK fix coupon @5,90% pa 30E/360 s/a J&TB vice versa
Currency pair	USD/CZK
Tenor	4.39years
Exchange rate	21.230 (spot market rate)
Notional	200,000,000 CZK
Initial notional exchange	
volume, currency	200,000,000 CZK
Side	NUPEH buys USD vs CZK, J&TB vice versa
Value date	June 30th 2021
Final notional Exchange	
Volume, currency	200,000,000 CZK
Side	NUPEH sells USD vs CZK, J&TB vice versa
Value date	End of last interest period
Interest payments	
Interest rate Period	Semi annually
Rates: CZK (NUPEH receives)	CZK fix 5,90% pa 30/360
Rates: USD (NUPEH pays)	USD fix 6,45% pa 30/360
Day count	30E/360

More details regarding cross currency swap no.3 are in the table below:

Party A	J&T BANK („J&TB")
Party B	NUPEH CZ s.r.o. („NUPEH")
Instrument	USD/CZK Cross currency swap
Purpose	hedge of currency and interest rate risk related to a new bond issue in CZK
Market	OTC
Side	NUPEH borrows USD and pays USD fix coupon @6,45% pa 30E/360 s/a, and lends CZK and receives CZK fix coupon @5,90% pa 30E/360 s/a J&TB vice versa
Currency pair	USD/CZK
Tenor	4.39 years
Exchange rate	21.230 (spot market rate)
Notional	150,000,000 CZK
Initial notional exchange	
volume, currency	150,000,000 CZK
Side	NUPEH buys USD vs CZK, J&TB vice versa
Value date	June 30th 2021
Final notional Exchange	
Volume, currency	150,000,000 CZK
Side	NUPEH sells USD vs CZK, J&TB vice versa
Value date	End of last interest period
Interest payments	

Interest rate Period	Semi annually
Rates: CZK (NUPEH receives)	CZK fix 5,90% pa 30/360
Rates: USD (NUPEH pays)	USD fix 6,45% pa 30/360
Day count	30E/360

(ii) Interest rate risk

Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. However, at the time of obtaining new financing management uses its judgment to decide whether a fixed or variable rate would be more favourable to the Group over the expected period until maturity.

Refer to Notes 8 and 10 for information about maturity dates and interest rate of the bonds issued and loans and borrowings.

The Group does not account for any fixed-rate financial instruments as fair value through profit or loss and also does not have variable interest rate loans and borrowings. Therefore, a change in interest rates at the reporting date would not have an effect in profit or loss or in equity.

(iii) Fair values

Estimated fair values of the financial assets and liabilities have been determined using available market information and appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to produce the estimated fair values. Accordingly, the estimates are not necessarily indicative of the amounts that could be realised in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair values.

The estimated fair values of financial assets and liabilities are determined using discounted cash flow and other appropriate valuation methodologies, at year-end, and are not indicative of the fair value of those instruments at the date these financial statements are prepared or distributed. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Subsidiaries entire holdings of a particular financial instrument. Fair value estimates are based on judgments regarding future expected cash flows, current economic conditions, risk characteristics of various financial instruments and other factors.

Fair value estimates are based on existing financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities not considered financial instruments. In addition, tax ramifications related to the realisation of the unrealised gains and losses can have an effect on fair value estimates and have not been considered.

Management believes that for all the financial assets and liabilities, the carrying value is estimated to approximate the fair value as at 31 December 2021 and 31 December 2020. Such fair value was estimated by discounting the expected future cash flows under the market interest rate for similar financial instruments that prevails as at the reporting date.

(f) Capital management

There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

18. Commitments and contingencies

(a) Lease commitments

The Group as a lessor

The Group entered into lease agreements on its investment properties. These lease agreements usually have contractual terms mainly from 1 to 5 years. Some of these agreements are cancellable but tenants are unlikely to terminate earlier due to substantial leasehold improvements, other agreements are non-cancellable. The Group has determined that it is not reasonably certain for the tenants to extend the lease beyond its contractual term due to the absence of economic incentives. Annual rents are fixed with insignificant step-up adjustments in some agreements.

The maturity analysis of lease payments, showing the undiscounted lease payments to be received on an annual basis is as follows:

(in thousands of USD)	**31 December 2021**	31 December 2020
Up to one year	**19,034**	16,796
Between one and two years	**14,882**	15,879
Between two and three years	**10,178**	3,465
Between three and four years	**6,447**	1,714
Between four and five years	**5,562**	875
More than five years	**3,318**	157
	59,421	38,886

The Group as a lessee

The Group's lease payments under land lease agreement with local municipal authorities for land plots, on which the Group's investment properties are located for the year ended as at 31 December 2021 amounted to USD 188 thousand (2020: USD 214 thousand). The payments can be revised by the lessor once a year based on changes in conditions of use of the land plot, amount of land tax, increase in prices and tariffs and other cases, stipulated by the Ukrainian legislation. These payments are considered to be variable payments, that do not depend on index or rate, and are not included in the measurement of lease liability as at 31 December 2021 and 31 December 2020 (see Note 4(j)). The Group defines the lease term under the lease agreements with the municipal authorities for land plot, on which the Group's investment properties are located to be in line with the useful life of the investment properties.

(b) Litigations

In the ordinary course of business, the Group is subject to legal actions and complaints. Management is unaware of any significant actual, pending or the threatened claims against the Group.

(c) Taxation contingencies

The Group is subject to tax charges within Cyprus jurisdiction. Additionally, the Group'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 Group'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.

19. Related party transactions

(a) Control relationship

The Group'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 Group.

During the year ended 31 December 2021 remuneration of key management personnel amounted to USD 128 thousand (31 December 2020: USD 86 thousand).

20. Events after the reporting period

The Group has evaluated subsequent events from the balance sheet date through the date at which the consolidated financial statements were issued.

Since the beginning of full-scale invasion of Russia on 24th February 2022, Kyiv and Kyiv region area have been a major battleground resulting in significant destruction and abruption of economic activity including closing of shopping and business centers and massive evacuation of people from the dangerous zones. Taking into account that the Group's assets are all located within Kyiv region, every property was under a material risk of either damage, or complete destruction. Furthermore, among five NUPEH assets, one logistic complex, West Gate Logistics (with a fair value of 43 600 kUSD as at 31 December 2021), has already been 92% demolished (a major building with the area of ca. 89,500 sqm was burnt down due to shelling, while a smaller building of ca. 7,700 sqm remained). Another property, Pyramida shopping center, was slightly hit by a nearby explosion of a rocket, resulting in minor façade damage. Other assets, namely Eurasia and Prime business centers, as well as East Gate Logistics, were unaffected directly by the military activities and were in good condition as of the date of these financial statements.

Management will continue to monitor the situation closely and assess whether additional measures need to be taken.

On 31 May 2022 the sole Director of New Ukraine PE Holdings Limited approved and authorised these consolidated financial statements for issue.

Olha Turyk