

**New Ukraine PE Holding
Limited**

Report and consolidated
financial statements for the year
ended
31 December 2022

These financial statements contain 51 pages

Contents

Officers and Professional Advisors	1
Management report	2-3
Independent auditors report	4-7
Consolidated statement of financial position	8-9
Consolidated statement of profit or loss and other comprehensive income	10
Consolidated statement of changes in equity	11
Consolidated statement of cash flows	12
Notes to the consolidated financial statements	13-51

Officers and Professional Advisors

Board of Directors

Olha Turyk

Secretary

Michalis P. Michael Consulting 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 2022.

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 2022 are set out on page 10 to the consolidated financial statements. The net loss for the year attributable to the owners of the Group amounted to USD 50,956 thousand (2021: profit of USD 19,253 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 not considered satisfactory and the Board of Directors is making an effort to reduce the Group's losses.

DIVIDENDS

During 2022 no dividends 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 16 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 16.

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 2022, all shares held by Sky Mundi S.À.R.L were transferred to Larington Holdings Limited and all shares held by West Street EMS Partners were also transferred to Langrose Investments Limited.

BRANCHES

During the year ended 31 December 2022 the Company did not operate any branches.

BOARD OF DIRECTORS

The member of the Company's Board of Directors as at 31 December 2022 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 2022.

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 19 to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

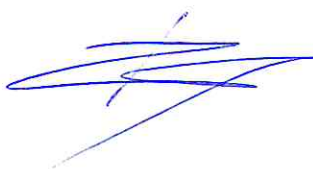
Disclosed in Note 18 to the consolidated financial statements.

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,

Olha Turyk
Director



Nicosia, 31 May 2023



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Chartered Accountants
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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 51 and comprise the consolidated statement of financial position as at 31 December 2022, 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 2022, 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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Material Uncertainty Related to Going Concern

We draw attention to Note 2(a) of the consolidated financial statements, which describe the negative effects of the military invasion launched by the Russian Federation on the territory of Ukraine on 24 February 2022 on the Group's operations. These events or conditions, along with other matters as set forth in that Note, indicate 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.

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.

A handwritten signature in blue ink, appearing to read 'Costas A. Kalias', with a horizontal line underneath.

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 2023

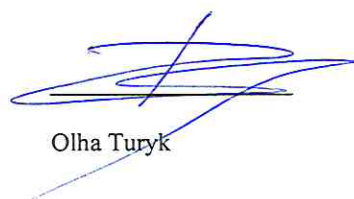
New Ukraine PE Holding Limited
Consolidated financial statements for the year ended 31 December 2022
Consolidated statement of financial position as at 31 December 2022

	<i>Note</i>	31 December 2022	31 December 2021
<i>(in thousands of USD)</i>			
Assets			
Non-current assets			
Investment properties	5	115,900	194,700
Property and equipment and intangible assets		23	20
Total non-current assets		115,923	194,720
Current assets			
Cash and cash equivalents	6	14,181	11,678
Trade and other receivables	16	2,261	759
Refundable tax (tax receivable)		87	87
Prepayments		563	608
Deferred tax assets		18	-
Inventories		17	18
Other current assets		168	67
Total current assets		17,295	13,217
Total assets		133,218	207,937

New Ukraine PE Holding Limited
Consolidated financial statements for the year ended 31 December 2022
Consolidated statement of financial position as at 31 December 2022 (continued)

	Note	31 December 2022	31 December 2021
<i>(in thousands of USD)</i>			
Equity and Liabilities			
Equity			
Share capital		69	69
Share premium		64,449	64,449
(Accumulated losses)/retained earnings		(22,921)	28,035
Currency translation reserve		(8,272)	6,344
Total equity		33,325	98,897
Non-current liabilities			
Loans and borrowings	9	26,365	27,629
Issued bonds	7	45,035	46,399
Deferred tax liability	15	13,628	21,069
Tenants' security deposits	10	980	1,705
Total non-current liabilities		86,008	96,802
Current liabilities			
Payables from derivatives	8	1,938	2,220
Loans and borrowings	9	9,131	5,883
Issued bonds	7	875	591
Trade and other payables		508	731
Tenants' security deposits	10	631	910
Prepayments received		327	934
Income tax payable		230	482
Other taxes payable		245	487
Total current liabilities		13,885	12,238
Total liabilities		99,893	109,040
Total equity and liabilities		133,218	207,937

On 31 May 2023 the sole Director of New Ukraine PE Holding Limited approved and authorised these consolidated financial statements for issue.


Olha Turyk

New Ukraine PE Holding Limited
Consolidated financial statements for the year ended 31 December 2022
Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022

	Note	2022	2021
<i>(in thousands of USD)</i>			
Revenue	11	17,241	27,488
Cost of sales	12	(3,616)	(5,250)
Gross profit		13,625	22,238
General and administrative expenses		(1,027)	(1,838)
Sales and distribution expenses		(128)	(74)
Write-off of damaged investment property	5	(35,727)	-
Fair value (loss)/gain on investment properties	5	(10,539)	9,634
Other income/(expenses), net		147	(19)
Total operating (loss)/profit		(33,649)	29,941
Fair value change on derivatives	8	283	(3,916)
Interest income – derivatives		2,594	2,218
Interest expenses – derivatives		(3,272)	(2,563)
Finance costs	13	(22,793)	(5,279)
Finance income	14	2,109	4,346
(Loss)/profit for the year		(54,728)	24,747
Income tax benefit/(expense)	15	3,772	(5,494)
Net (loss)/profit for the year		(50,956)	19,253
Other comprehensive (loss)/income			
<i>Items that can be reclassified to profit or loss:</i>			
Foreign operations – foreign currency translation difference		(14,616)	3,295
Other comprehensive (loss)/income		(14,616)	3,295
Total comprehensive (loss)/income for the year		(65,572)	22,548

New Ukraine PE Holding Limited
Consolidated financial statements for the year ended 31 December 2022
Consolidated statement of changes in equity for the year ended 31 December 2022

	Share capital	Share premium	Retained earnings	Currency translation reserve	Total equity
<i>(in thousands of USD)</i>					
Balances at 1 January 2021	<u>69</u>	<u>64,449</u>	<u>25,268</u>	<u>3,049</u>	<u>92,835</u>
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 Note 9 (b)	-	-	(16,486)	-	(16,486)
Balances at 31 December 2021	<u>69</u>	<u>64,449</u>	<u>28,035</u>	<u>6,344</u>	<u>98,897</u>
Net loss for the year	-	-	(50,956)	-	(50,956)
Other comprehensive loss	-	-	-	(14,616)	(14,616)
Total comprehensive loss for the year	-	-	(50,956)	(14,616)	(65,572)
Balances at 31 December 2022	<u>69</u>	<u>64,449</u>	<u>(22,921)</u>	<u>(8,272)</u>	<u>33,325</u>

New Ukraine PE Holding Limited
Consolidated financial statements as at and for the year ended 31 December 2022
Consolidated statement of cash flows for the year ended 31 December 2022

	Note	2022	2021
<i>(in thousands of USD)</i>			
Cash flows from operating activities			
(Loss)/profit for the year		(50,956)	19,253
Adjustments for:			
Write-off of damaged investment property	5	35,727	-
Fair value loss/(gain) on investment properties	5	10,539	(9,634)
Finance costs	13	22,793	5,279
Fair value change on derivatives		(283)	3,916
Depreciation		9	95
Financial income	14	(2,108)	(4,172)
Tax (benefit)/expense	15	(3,772)	5,494
Operating cash flows before changes in working capital		11,949	20,231
Change in trade and other payables		(101)	183
Change in trade and other accounts receivable		(1,578)	(105)
Change in prepayments		(97)	(132)
Change in tax payable and tax receivable		(148)	208
Change in inventories		(4)	(6)
Change in other current assets		(1)	(36)
Change in tenants' deposits		(236)	710
Change in prepayments received		(437)	187
Income tax paid		(1,311)	(2,328)
Cash flows from operating activities		8,036	18,912
Cash flows used in investing activities			
Capital improvements of investment properties	5	(1,328)	(5,662)
Acquisition of property, plant and equipment		(12)	(95)
Cash flows used in investing activities		(1,340)	(5,757)
Cash flows from financing activities			
Proceeds from bonds' issue	7	-	15,887
Coupon on bonds paid	7	(2,594)	(2,374)
Loans and borrowings repaid	9	(991)	(5,043)
Interest expense on loans and borrowings paid	9	-	(2,287)
Dividends paid		-	(16,486)
Cash flows used in financing activities		(3,585)	(10,303)
Net change in cash and cash equivalents		3,111	2,852
Cash and cash equivalents at the beginning of the year		11,678	8,525
Effect of foreign exchange fluctuation on cash balances		(608)	301
Cash and cash equivalents at 31 December		14,181	11,678

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 2021 the shareholders of New Ukraine PE Holding Limited (Cyprus) were Dragon Capital Investments Limited (Cyprus) with 21.96% ownership, the company ultimately controlled by Tomas Fiala, Dragon Capital New Ukraine Fund (Jersey) with 35.85% ownership and Sky Mundi S.À.R.L. (a shareholder not related to other shareholders) 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%.

In November 2022 all shares held by Sky Mundi S.À.R.L were transferred to Larington Holdings Limited and all shares held by West Street EMS Partners were also transferred to Langrose Investments Limited. The shareholders of New Ukraine PE Holding Limited (Cyprus) as at 31 December 2022 were Dragon Capital Investments Limited (Cyprus) with 21.96% ownership, Dragon Capital New Ukraine Fund (Jersey) with 35.85% ownership, Larington Holdings Limited with 39.64% ownership and Langrose Investments Limited with 2.55%.

The beneficial owners of Larington Holdings Limited and Langrose Investments Limited are Anton Schreider and Maksym Klimov.

Dragon Capital New Ukraine Fund (Jersey) is a Jersey limited partnership formed under the partnership agreement and as at 31 December 2022 and 31 December 2021 has the following partnership structure: Ukrainian Redevelopment Fund LP – 43%, Dragon Capital Investments Limited (Cyprus) – 42%, Northern Point Holdings Limited (which is held by trust entity acting in the interest of Suhail Salim Abdullah Al Mukhaini Bahwan) – 14% and DC Partners (Jersey) Limited (which is owned as at 31 December 2022 by Tomas Fiala at 77.2%) – 1%. According to the Law of Partnerships of Jersey, Dragon Capital New Ukraine Fund is not a legal entity and operates through its general partner – DC Partners, and limited partners don’t have corporate rights in the Fund and are not its controllers. Therefore, as at 31 December 2021 and 31 December 2022 the sole ultimate beneficial owner of Dragon Capital New Ukraine Fund (Jersey) is Tomas Fiala.

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 investment in 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:

Name of the Group	Principal Activities	Country of registration	Project	Effective ownership interest	
				31 December 2022	31 December 2021
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%

Name of the Group	Principal Activities	Country of registration	Project	Effective ownership interest	
				31 December 2022	31 December 2021
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%
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 2022, the Subsidiaries of the Group are represented by the following projects:

- Piramida project: shopping center with the gross leasing area equal to 15,935 sq. m.;
- East Gate Logistic project: A-class warehouse with the gross leasing area equal to 49,029 sq. m.;
- West Gate Logistic project: A-class warehouse with the gross leasing area equal to 7,316 sq. m. and associated land plot of 14.4 ha.;
- Property Management Solutions One (“PMS One”): A-class business center “Eurasia” with the gross leasing area of 27,854 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 2021, the Subsidiaries of the Group are represented by the following projects:

- Piramida 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.

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 registered office is located at Antala Staška 1859/34, Krč, 140 00 Prague 4, Czech Republic.

The principal activity of NUPEH CZ s. r. o. is financing activities. The net proceeds of the bonds issue were used for the purpose of intra-group loan provided by it to the Parent.

2. Operating environment of the Group

(a) Ukrainian business environment

The Group's operations are located in Ukraine.

The Russian invasion of Ukraine, ongoing since February 24, 2022, has exacted a heavy toll on domestic economic activity and everyday life. However, the military situation on the ground shifted substantially in Ukraine's favor by the end of 2022 following a series of successful Ukrainian counteroffensives. The front lines have since stabilized despite new Russian offensive attempts in early 2023, and the fighting remained confined largely to four out of Ukraine's 25 oblasts (regions) as this report was published.

Russia's mass missile attacks on the Ukrainian energy infrastructure, started in October 2022, did not affect the battlefield situation, had only temporary negative impact on economic activity, and failed to achieve the purported political goal of forcing Ukrainian leadership to negotiate on Russia's terms. The recurring Russian strikes against civilian infrastructure started to cause progressively less damage with the start of 2023 as Ukraine's Western partners delivered modern air defence systems and Russia experienced a growing shortage of high-precision missiles. Overall, Western military aid has been instrumental in helping Ukraine stop and then reverse Russian military advances. The United States alone has committed over \$40bn in security assistance since January 2022, with total foreign military aid pledges topping \$70bn.

As of end-March 2023, Russian forces remained in control of an estimated 109,000 km² or 18% of Ukraine (down from over 25% at the peak of the invasion in late March 2022), this territory mostly comprising parts of the Luhansk and Donetsk regions in the east as well as the Zaporizhzhya and Kherson regions and Crimea in the south. Approximately 40% of the area currently under Russian control was captured during the first phase of Russian military aggression in 2014-2015 (Crimea and parts of the two eastern regions).

The Russian invasion caused a sharp downturn in domestic economic activity as substantial territory was occupied while military hostilities inflicted damage on fixed assets and disrupted supply chains. These negatives were compounded by logistical bottlenecks, caused by the Russian blockade of Ukrainian sea ports, and a large-scale refugee exodus. The economy was supported by budget spending as the government and the banking system remained fully operational. The government continued to pay pensions and salaries to employees in budget-financed sectors (healthcare, education) and sharply increased compensations to military personnel, emergency workers, national police, and other security and defense professionals. Still, real GDP fell by 29.2% y-o-y in 2022.

The economy bottomed in March 2022, when military hostilities were going on in 10 regions and around the capital Kyiv, but shortly turned on a sequential upward trend following the liberation of the northern regions and as local businesses adjusted to the wartime environment. In addition, the resumption of agricultural exports via three Ukrainian ports at the end of July 2022 following a UN-brokered deal between Ukraine, Turkey and Russia provided additional impetus to economic recovery by giving a boost to trade and cargo transportation. The economic recovery was interrupted in 4Q22 due to intensified Russian missile attacks on the domestic energy infrastructure and resulting blackouts, deepening the decline in real GDP to -31.4% y-o-y in 4Q22 from -30.8% in 3Q22. Nevertheless, the economy returned on an upward trend in 1Q23 as curbs on power consumption disappeared in mid-February thanks to swift repairs on damaged power equipment, the resumption of power imports from Europe, and relatively warm and sunny weather. This, in turn, boosted domestic confidence and economic activity, trimming the decline in real GDP to -26% in February from -32% in January, according to Economy Ministry estimates.

The NBU fixed the hryvnia at UAH 29.25:USD on the first day of the invasion (February 24, 2022), suspended its inflation targeting regime, and introduced tight restrictions on current- and capital-account operations and limits on deposit withdrawals by both individuals and legal entities. Still, demand for foreign currency surged in May-June, fueled by recovering imports amid restricted exports, spending by Ukrainian refugees abroad, and capital outflows. In response to mounting F/X pressures, the NBU hiked

its key rate by 15pp to 25% on Jun. 2 and then devalued the official exchange rate by 20%, re-fixing it at UAH 36.6:USD on Jul. 21. These measures helped curb devaluation pressure on the hryvnia and substantially reduced the drain on central bank reserves from F/X sales. In the meantime, the aforementioned UN-brokered Black Sea grain deal gave a boost to merchandise exports, which rose on average to \$3.6bn per month in September-December 2022 from \$2.7bn in March-August. Ukraine exported \$40.9bn worth of goods in 2022, down 35% y-o-y, while imports to the country stood at \$56.2bn, down 19% y-o-y, with the merchandise trade deficit widening to \$15.3bn from \$6.6bn in 2021. The trade gap and capital outflows were fully offset by inflows of foreign aid from international partners, which stood at \$32.2bn in 2022, including \$14bn in grants. This pushed NBU reserves up to \$28.5bn as of end-December from a low of \$22.4bn as of end-July. Strong foreign aid inflows continued in 1Q23, which together with subsiding capital outflows contributed to further recovery in NBU reserves, up to \$31.1bn as of end-March, up 15.7% since end-February 2022 and hitting the highest record in 11 years.

Consumer inflation was on a steep upward trend for virtually all of 2022, accelerating to 26.6% y-o-y in October 2022 from 10.0% in December 2021 and stabilizing at this level in 4Q22. The sharp acceleration was primarily driven by war effects, namely supply disruptions, increased production costs and currency devaluation, as well as global inflation. In the meantime, the government imposed a moratorium on utility tariff increases, to remain in effect until after six months following the termination of martial law. The frozen tariffs on gas and other utilities and a sharp drop in domestic demand helped stem inflationary pressures. Headline inflation turned on a downward trend in early 2023, slowing to 24.9% in February.

The budgetary performance deteriorated sharply as the war began, with the central budget deficit ballooning to UAH 1,392bn in 2022 (net of grant financing), +6x y-o-y, fueled by a surge in military spending. Security and defence outlays swelled by 425% y-o-y to UAH 1,586bn, boosting total central budget spending by 81% y-o-y to UAH 2,705bn. The government continued paying social assistance, pensions, and salaries in budget-related sectors (education and healthcare) but slashed all other outlays to critical minimums. At the same time, tax revenues slid by 14% y-o-y to UAH 950bn in 2022, thus covering less than half of central budget expenditures. The government financed the budget deficit mainly with foreign aid. However, inflows of foreign financing fell short of total funding needs. The NBU provide a direct support to the budget in the amount of UAH 400bn, or \$12bn, through purchase of government bonds. Sufficient inflows of foreign aid and increased domestic borrowings allowed the central bank to abstain from monetizing the budget deficit in early 2023, but the budget gap remained large.

The government stood current on its debt obligations in the first months of the war but decided to launch a restructuring of sovereign Eurobonds and GDP warrants in July 2022. As a result, holders of \$21bn of outstanding sovereign and sovereign-guaranteed Eurobonds agreed to postpone all principal and interest payments for two years in a parallel manner, with the first payment now scheduled for August 2024. This enabled the government to save nearly \$6.0bn in principal and coupon payments over two years.

The stock of public debt rose by 14% y-o-y to \$111bn in 2022 and a further 3.0% YTD to \$116bn in February 2023, driven by government borrowings aimed at financing a much increased budget deficit. The debt-to-GDP ratio rose to 82% in 2022, up from 50% in 2021, according to the IMF, and reflecting last year's sharp drop in GDP.

With the beginning of war, the NBU introduced certain administrative restrictions on currency conversion transactions and capital movements, including restrictions on interest and dividend payments abroad. Due to these restrictions UAH lacks exchangeability and is not freely convertible.

After invasion, all global rating agencies lowered Ukraine's ratings: Fitch - to CC, Moody's - to Ca with a stable outlook, and S&P - to CCC+ with a stable outlook.

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 centres and massive evacuation of people from the dangerous zones.

- On 3 March 2022, heavy shelling by Russian forces significantly damaged the West Gate Logistic warehouse. As a result, the larger building (GBA 89,500 sq.m. and GLA 88,907 sq.m.) was completely destroyed, while the smaller building (GBA 7,675 sq.m. and GLA 7,316 sq.m.) incurred significant damage that prevented the continuation of tenants' operations. The repair of the smaller building finished in August 2022.
- On 15 March 2022, another property, Piramida shopping center, was slightly hit by a nearby explosion of a rocket, resulting in minor façade damaged.
- On 10 October 2022 a few missiles landed very close to business centre Eurasia damaging the facades of the buildings, windows, entrance groups, certain common areas and premises of the tenants.

During the wartime period, the companies of the Group negotiated lease terms with each tenant individually. Most tenants requested discounts on base rent, which were granted. In the second half of the year, lease terms stabilized for most properties. In terms of working with tenants, the companies of the Group have been proactive in maintaining open communication with tenants and addressing their concerns promptly. The Group understands the difficulties that tenants may face during this challenging period and is committed to working collaboratively with them to overcome any issues that arise.

The missile strikes in autumn and winter have significantly impacted the performance of the Group. The prolonged active air raid alarms and electricity blackouts have disrupted the operations of Piramida and Eurasia/Prime, resulting in increased property downtime and decreased footfall. Furthermore, the blackouts have forced the Group to invest in diesel generators for the affected properties, which has resulted in increased capital expenditures (diesel generators) and operating expenditures (diesel fuel).

At present, the companies of the Group have not returned to pre-war rental rates. The market remains distressed, and it is challenging to predict when the Group will be able to achieve such rates across the portfolio. Currently, only the rental rates for the Warehouse segment are close to pre-war levels. The Group continues to monitor the market closely and adjust its strategies accordingly to maximize value for the Company and its stakeholders.

The Group has implemented cost-cutting measures to manage its expenses effectively during this period of economic uncertainty. The Group has carefully reviewed its capital expenditures and approved only those that are necessary to maintain the safety and functionality of its properties. Additionally, the Group has explored ways to optimize its operating expenses. The Group continues to monitor its spending closely and adjust its strategies as needed to ensure its financial sustainability. The direct utilities were fully covered by tenants.

In terms of the Group's servicing personnel, there have been no changes. The Group has not experienced any personnel shortages, and there are no issues with the availability of personnel across the portfolio companies.

The National Bank of Ukraine has imposed temporary restrictions, including suspending the operation of the Ukrainian FX market, except for FX sales by customers, and banning cross-border foreign currency payments, which continue to make it impossible to upstream cash from the Ukrainian subsidiaries to the foreign accounts of the Parent Company. However, these restrictions are expected to be relaxed going forward.

Within the limits allowed by the NBU, during September 2022 through January 2023, the companies of the Group upstreamed a total of USD 493 thousand of interest in five tranches of USD 99 thousand each, which were paid monthly by two Ukrainian subsidiaries to the Parent Company.

In view of the aforementioned restrictions, in 2022 the Parent Company signed additional agreements with its creditor J&T Banka to: a) postpone repayments of loans and borrowings principal from 31 March 2022, 30 June 2022, 30 September 2022, and 31 December 2022 amounting in total to USD 4,887 thousand to 31 December 2025 (maturity date); b) postpone payment of interest accrued between 31 December 2021 and 31 December 2022 amounting in total to USD 2,571 thousand to

28 February 2023. Later in 2023 the Parent Company signed additional agreements with J&T Banka to postpone repayment of loans and borrowings principal from 28 February 2023, 31 March 2023 and 30 June 2023 to 31 December 2025 and defer payment of interest accrued between 31 December 2021 and 30 June 2023 to 30 September 2023. The aim of debt service postponement was to ensure the Parent Company's ability for repayment of portion of intragroup loan to NUPEH CZ and its subsequent coupon payment to the bondholders.

At the same time, prolongation of military activities may result in disruption of the daily operating activities of the Group, or significant damage to the Group's assets.

As a result, these events and conditions, including possible future development of military activities in Ukraine and their duration, indicate that a material uncertainty exists that may cast significant doubt on 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.

These consolidated financial statements reflect management's current assessment of the impact of the Ukrainian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

3. Basis of preparation

(a) Statement of compliance

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 2023 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:

- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1);*
- *IFRS 17 Insurance Contracts;*
- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);*
- *Definition of Accounting Estimates (Amendments to IAS 8).*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).*
- *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).*

Management is currently analysing the possible impact of these standards and changes on the consolidated financial statements and results of operations. The new or amended standards and interpretations are not expected to have a significant impact on the financial statements of the Group.

(d) Functional and presentation currency

These consolidated financial statements are presented in thousands of US dollars (USD), which is the Parent company's functional currency as well as the functional currency of NUPEH CZ s. r. o., one of the Group's subsidiaries. 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.

The Group translates the financial statements of Ukrainian subsidiaries from their functional currency to USD 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. For fair value change in the investment property the Group applies the exchange rates at the date of the fair value measurement, including the interim fair value measurements performed.

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 2022	Average exchange rate for 2022	As at 31 December 2021	Average exchange rate for 2021
USD	36.57	32.37	27.28	27.29

(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 5(b) – determination of fair value of investment property. In particular, the assessment as to the timing of completion of military actions and revival of the normal economic activity in Ukraine.

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 5(b) – Determination of fair value of investment property; and
- Note 16(e(iii)) – Fair values. In particular, the assessment as to the timing of completion of military actions and revival of the normal economic activity in Ukraine.

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 2022 and 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 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 Company uses practical expedient available in IFRS 15 and recognises revenue in the amount to which the Company 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.

(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. Investment properties

(a) Movements in investment properties

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

	Total
<i>(in thousands of USD)</i>	
At 1 January 2021	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
Capital improvements	1,328
Write-off of damaged investment property	(35,727)
Fair value loss on investment properties	(10,539)
Effect from translation into presentation currency	(33,862)
At 31 December 2022	115,900

As at 31 December 2022 and 31 December 2021, the Group's investment properties are pledged to secure bank loan 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 2022 and as at 31 December 2021, 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 2022 and 31 December 2021 investment properties were represented by a shopping mall at Pyramida project, by two logistic warehouses at East Gate and West Gate projects and by two business centers at PMS One and PMS Two projects (see Note 1).

As described in Note 2(a), on 3 March 2022, heavy shelling by Russian forces significantly damaged the West Gate Logistic warehouse. As a result, the larger building (GBA 89,500 sq.m. and GLA 88,907 sq.m.) was completely destroyed, while the smaller building (GBA 7,675 sq.m. and GLA 7,316 sq.m.) incurred significant damage that prevented the continuation of tenants' operations. The repair of the smaller building finished in August 2022. Therefore, the fair value assessment for West Gate project as at 31 December 2021 is made for the warehouse with gross leasing area of 96,223 sq.m. and as at 31 December 2022 – for the warehouse with remaining gross leasing area of 7,316 sq.m.

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 2022, the estimation of fair value for the investment properties is made using the discounted cash flow method under the income approach based on certain assumptions, the most important of which are as follows:

- Discount rate and capitalisation rate. Discount rates are ranging, depending on the object, from 50% in 1Q2023 to 15% in 4Q2024 and capitalisation rate is ranging from 12.5% to 13.5% used for calculation of the terminal value following the end of projection period of normally two years, which represent key unobservable inputs for determination of fair value of the investment properties.
- Monthly rental rates.

Piramida: monthly rental rates for shopping mall are based on budgeted rent-roll for 2023 year and ranging from USD 23 to 29.5 USD per sq. m. for the period 1Q2023-4Q2023 and further projected at the level of 3.0% indexation for the period 1Q2024-4Q2024 based on the Appraiser expert opinion. Monthly rental rates for business centre are based on preliminary agreements for new tenants and are 7 USD per sq. m. for the period 4Q2023.

PMS One and PMS Two: monthly rental rates are based on budgeted rent-roll for 2023 year and ranging from USD 10.2 to 10.7 USD per sq. m. for PMS One and USD 13 to 13.7 USD per sq. m. for PMS Two for the period 1Q2023-4Q2023 and further projected at the level of 3.0% indexation for the period 1Q2024-4Q2024 based on the Appraiser expert opinion.

East Gate and West Gate: rental rates are based on budgeted rent-roll for 2023 year and ranging from USD 4 to USD 4.2 per sq. m. for East Gate and USD 3.7 per sq. m. for West Gate for the period 1Q2023-4Q2023. The Appraiser did not assume any rental rates growth in the further projected periods and applied rental rates in further periods at the level of 4Q 2023.

- Brokerage fee for Piramida, PMS One and PMS Two is applied as at level of 16.7% of annual rental income for leasing property.
- Vacancy.

Piramida: vacancy rates for the Shopping Centre part were projected based on budgeted rent-roll for 2023 and are expected to be stable at the level of 0.6%. Vacancy rates for the Business Centre part are expected to be at the level of 55% for the period 4Q2023 and for 2024 are expected to decrease to 25% in 4Q 2024 based on the Appraiser expert opinion.

PMS One and PMS Two: vacancy rates were projected based on budgeted rent-roll for 2023 and are expected to decrease from 55% in 1Q 2023 to 14.6% in 4Q 2023 for PMS One and from 18.6% in 1Q 2023 to 5.5% in 4Q 2023 for PMS Two. For 2024 the vacancy rates are expected to decrease to 5% in 4Q 2024 based on the Appraiser expert opinion.

West Gate and East Gate: vacancy rates were projected based on budgeted rent-roll for 2023 and are expected to be stable at the level of 5.2% for East Gate and 0% for West Gate.

- Reimbursement of operating expenses.

Piramida: reimbursement of operating expenses for Shopping center was projected based on budget rent roll for 1Q2023-4Q2023 at the level of 100% and for Business Centre it is expected to be 45% in 4Q2023 and then reach up to 100% by 4Q 2024. The Appraiser also assumed full coverage of utility costs.

PMS One and PMS Two: reimbursement of operating expenses was projected based on budgeted rent roll for 1Q2023-4Q2023 and is expected to increase from 105% in 1Q2023 to 225% in 4Q2023 for PMS One and to increase from 163% in 1Q2023 to 187% in 4Q2023 for PMS Two. The Appraiser also assumed full coverage of utility costs.

East Gate and West Gate: reimbursement of operating expenses was projected based on budgeted rent roll for 1Q2023-4Q2023 and is expected to increase from 104% in 1Q2023 to 107% in 4Q2023 for East Gate and to increase from 21% in 1Q2023 to 22% in 4Q2023 for West Gate.

The Appraiser also assumed full coverage of utility costs for all objects.

- The capital expenditures are included in cash outflows for the first and second forecasted years and excluded from cash flows in terminal period.
- The Group's management expects that the business centre will be input into use till the end of 3Q-4Q 2023. Costs to complete the business centre Piramida for 2023 are based on investment budget and amounting to USD 374 thousand. However, this expected period of input into use of additional leasable area is subject to significant estimation uncertainty because it depends on circumstances that could not be always under the control of the Company's management.

Overall, cash flows for the fair value assessment as at 31 December 2022 do not appear to revert back to pre-war levels by the end of the forecast period in 4Q2024.

Included in the fair value of the investment properties as at 31 December 2022 is the fair value assessment of USD 3,400 thousand of the land plot on which the damaged part of the warehouse for West Gate project was located. The fair value assessment of the land plot was performed using market approach where comparables were selected based on size, condition, location, legal status, availability of the engineering infrastructure etc. Market comparables were selected based on the information from the Appraiser internal sources and open external sources. The comparables were further adjusted and the fair value was calculated by weighting the analogues adjusted price according to "trust mark" applied based on the expert opinion of the Appraiser.

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 USD 16.3 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 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 Piramida 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.

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 2022 and 31 December 2021 is particularly sensitive to key inputs in the following areas.

(in thousands of USD)

For Piramida project (APV):

	Increase	Decrease
31 December 2022		
Capitalisation rate (1 p.p. movement) (key unobservable input)	(2,500)	3,000
Monthly rental rates (10 p.p. movement)	4,300	(4,200)
Ratio of reimbursement of operating expenses (25 p.p. movement)	-	(2,000)
Vacancy rates (5 p.p. movement)	(1,800)	400
	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

For PMS-1 (Eurasia) project:

	Increase	Decrease
31 December 2022		
Capitalisation rate (1 p.p. movement) (key unobservable input)	(2,100)	2,300
Monthly rental rates (10 p.p. movement)	2,600	(2,700)
Ratio of reimbursement of operating expenses (25 p.p. movement)	2,600	(2,700)
Vacancy rates (5 p.p. movement)	(1,700)	1,600
	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

For PMS-2 (Prime) project:

	Increase	Decrease
31 December 2022		
Capitalisation rate (1 p.p. movement) (key unobservable input)	(800)	1,000
Monthly rental rates (10 p.p. movement)	1,200	(1,100)
Ratio of reimbursement of operating expenses (25 p.p. movement)	900	(900)
Vacancy rates (5 p.p. movement)	(500)	500
	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

For WGL project:

	Increase	Decrease
31 December 2022		
Capitalisation rate (1 p.p. movement) (key unobservable input)	-	100
Monthly rental rates (10 p.p. movement)	300	(200)
Ratio of reimbursement of operating expenses (25 p.p. movement)	100	(100)
Vacancy rates (+5/0 p.p. movement)	(100)	-
	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

For EGL project:

	Increase	Decrease
31 December 2022		
Capitalisation rate (1 p.p. movement) (key unobservable input)	(1,100)	1,300
Monthly rental rates (10 p.p. movement)	1,800	(1,800)
Ratio of reimbursement of operating expenses (25 p.p. movement)	500	(500)
Vacancy rates (5 p.p. movement)	(800)	800
	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

(c) Usage of the land plot

As at 31 December 2022 and 31 December 2021, APV has a lease agreement for rent of the part of the land plot on which its shopping center Piramida 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 May 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 April 2030.

PMS One does not have a lease agreement for rent of the land plot on which its business centre "Eurasia" is located as at 31 December 2021 and 31 December 2022. The respective land plot is in ownership of the Kyiv City Council. The Group uses the land on so called "de facto" principle and pays land tax on a regular basis based on the Kyiv City Council regulations. The amount of such payments made during the year ended 31 December 2022 was USD 40 thousand (2021: USD 56 thousand). The Group's management believes that any potential tax or legal risks with regards to this matter are not significant. However, the interpretations of the relevant authorities could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant. No provisions for potential risks with regards to unformalised usage of the land plot have been made in these consolidated financial statements.

The land plots for PMS Two and WGL are in ownership of the Group.

6. 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:

	31 December 2022
<i>(in thousands of USD)</i>	
New Ukraine PE Holding Limited	6,949
LLC "Atlantic Pacific Ventures"	2,010
LLC "East Gate Logistik"	1,942
NUPEH CZ s. r. o.	1,241
LLC "Property Management Solutions One"	1,127
LLC "Property Management Solutions Two"	861
LLC "West Gate Logistik"	51
Total	14,181

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

	31 December 2021
<i>(in thousands of USD)</i>	
New Ukraine PE Holding Limited	6,613
LLC "Atlantic Pacific Ventures"	4,130
NUPEH CZ s. r. o.	359
LLC "Property Management Solutions One"	347
LLC "Property Management Solutions Two"	172
LLC "West Gate Logistik"	52
LLC "East Gate Logistik"	5
Total	11,678

The following table represents an analysis of cash and cash equivalents based on Moody's ratings as at 31 December 2022:

	31 December 2022
<i>(in thousands of USD)</i>	
Ba2	110
Not rated	14,071
Total	14,181

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

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

As at 31 December 2022 out of Not rated portion of cash and cash equivalent USD 14,071 thousand the amount of USD 5,991 thousand relates to placements in one Ukrainian bank which is a related party to the Group and USD 8,080 thousand relates to the bank which is a Lender to the Group under Loan facilities agreement.

As at 31 December 2022 and 31 December 2021 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.

7. Bonds issued

As at 31 December 2022, the terms and debt repayment schedule of bonds issued are as follows:

	31 December 2022	31 December 2021
<i>(in thousands of USD)</i>		
Issued bonds at amortized cost	45,910	46,990
	45,910	46,990
Out of that: short term	875	591
Out of that: long term	45,035	46,399

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.

The amount of the long-term part of the issued bonds changed year-on-year only due to the exchange rate difference, the bonds were issued in CZK, for the purposes of the consolidated financial statements they are revalued at the USD exchange rate as of December 31 of the respective year.

Detailed information in respect of bonds issued as at 31 December 2022 is provided in the table below:

<i>(in thousands of USD)</i>	Principal	Accrued interest	Maturity	Coupon rate (%)	EIR
Issued bonds	29,974	694	30 October 2025	5.9%	6.76%
Issued bonds	8,606	103	30 October 2025	5.9%	7.00%
Issued bonds	6,455	78	30 October 2025	5.9%	7.00%
	45,035	875		5.9%	-

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

<i>(in thousands of USD)</i>	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 2021	32,056
<i>Cash movements</i>	
Proceeds from issue of bonds	15,887
Interest payment	(2,374)
<i>Non-cash movements</i>	
Interest accrued on bonds	2,619
Effect from foreign exchange rates	(1,198)
Balance at 31 December 2021	46,990
<i>Cash movements</i>	
Interest payment	(2,594)
<i>Non-cash movements</i>	
Interest accrued on bonds	2,944
Effect from foreign exchange rates	(1,430)
Balance at 31 December 2022	45,910

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.

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, 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 %.

	31 December 2022		31 December 2021	
	Fair value	Carrying amount	Fair value	Carrying amount
<i>(in thousands of USD)</i>				
Bonds	32,499	45,910	46,404	46,990
	32,499	45,910	46,404	46,990

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 2022 and 31 December 2021.

8. Receivables and payables from derivative operations

	31 December 2022	31 December 2021
<i>(in thousands of USD)</i>		
Fair value of the swap	(1,938)	(2,220)
	(1,938)	(2,220)

As at 31 December 2022 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 240 thousand as at 31 December 2022, as at 31 December 2021 the fair value of the swap was recognized as a receivable in the amount of USD 435 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 970 thousand as at 31 December 2022, as at 31 December 2021 the fair value of the swap was recognized as a liability in the amount of USD 765 thousand.

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 728 thousand as at 31 December 2022, as at 31 December 2021 the fair value of the swap was recognized as a liability in the amount of USD 1,020 thousand.

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.

9. 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 16.

As at 31 December 2022, the terms and debt repayment schedule of bank loans are as follows:

	Currency	Nominal interest rate	Effective interest rate	Maturity	Carrying value
<i>(in thousands of USD)</i>					
<i>Long-term loans</i>					
J&T BANKA (Facility A)	USD	6% + LIBOR	8.81%	31 Dec 2025	26,365
<i>Current portion of long-term loans</i>					
J&T BANKA (Facility A)					9,131

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

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

(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 2022 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.

As described in Note 2(a), in 2022 the Group signed additional agreements with its creditor J&T Banka to: a) postpone repayments of Junior debt principal from 31 March 2022, 30 June 2022, 30 September 2022, and 31 December 2022 amounting in total to USD 4,887 thousand to 31 December 2025 (maturity date); b) postpone payment of interest accrued between 31 December 2021 and 31 December 2022 amounting in total to USD 2,571 thousand to 28 February 2023. Later in 2023 the Company signed additional agreements with J&T Banka to postpone repayment of loans and borrowings principal from 28 February 2023, 31 March 2023 and 30 June 2023 to 30 December 2025 and further defer payment of interest accrued between 31 December 2021 and 30 June 2023 to 30 September 2023. The aim of debt service postponement was to ensure the Group's ability for repayment of portion of intragroup loan to NUPEH CZ and its subsequent coupon payment to the bondholders.

Also, in 2022 the Group signed a number of additional agreements with J&T BANKA by which the calculation and payment of mandatory cash sweep as at 30 June 2022 was deferred to 31 December 2022, then mandatory cash sweep calculation as at 31 December 2022 was deferred to 30 June 2023. Subsequently to reporting date, as described below, the calculation of mandatory cash sweep as at

30 June 2023 was waived by J&T BANKA.

Further, the Group was in continuing breach during the year ended 31 December 2022 of some financial (which are reported as at 30 June and 31 December 2022) and non-financial covenants, including the Material Adverse Effect covenant, as a result of impact on the Group from military actions ongoing in Ukraine, on which J&T BANKA provided its consent that such instances of non-fulfillment are waived by the bank as at 31 December 2022.

Subsequently to the reporting date, on 20 March 2023, J&T BANKA provided a consent and waiver letter relating to the Loan facilities agreement on the following matters:

- Consent to government securities transactions (as described in Note 19).
- Consent of payment of the management fee for 2022 and 2023 in the amount of USD 205 thousand for each year, whereas the management fee will be paid in UAH by the Company or its Ukrainian subsidiary to one of the manager's affiliates located in Ukraine based on the separate management services agreement to be executed.
- Consent to waive mandatory cash sweep as at 30 June 2023.

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. Management believes that for loans and borrowings, the carrying value is estimated to approximate the fair value as at 31 December 2022 and 31 December 2021.

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 2022, 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 DCNUF as pledgors.
- Cypriot law Share Pledge Agreement in respect of approximately 39.63% shares in the Borrower between the Lender as pledgee and Larington Holdings Ltd., as pledgor.
- Cypriot law Share Pledge Agreement in respect of approximately 2.56% shares in the Borrower between the Lender as pledgee and Langrose Investments Ltd, SLP, as pledgor.
- Czech law Share Pledge Agreement in respect of 100% shares in NUPEH CZ s. r. o..
- 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 NUPEH CZ s. r. o. bank account with the Lender.
- Cypriot law bank account pledge agreement in respect of the Borrower's bank accounts with Eurobank Cyprus Ltd. Subsequently, pledge agreement was signed for the Borrower's new bank accounts opened in Ukrainian bank, a related party to the Group (see Note 19).
- Czech law Intragroup Receivables Pledge Agreement in respect of 100% receivables due from the Borrower to NUPEH CZ s. r. o.
- 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 “Piramida” (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 2021.

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

	J&T BANKA Loan	Dividends	Total
<i>(in thousands of USD)</i>			
Balance at 1 January 2021	38,385	-	38,385
<i>Cash movements</i>			
Repayment of loans and borrowings	(5,043)	-	(5,043)
Finance expense paid	(2,287)	-	(2,287)
Dividends paid	-	(16,486)	(16,486)
<i>Non-cash movements</i>			
Finance costs	2,457	-	2,457
Dividends declared	-	16,486	16,486
Balance at 31 December 2021	33,512	-	33,512
<i>Cash movements</i>			
Repayment of loans and borrowings	(991)	-	(991)
Finance expense paid	-	-	-
Dividends paid	-	-	-
<i>Non-cash movements</i>			
Finance costs	2,975	-	2,975
Dividends declared	-	-	-
Balance at 31 December 2022	35,496	-	35,496

10. Tenants' security deposits

Tenants' security deposits as at 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
<i>(in thousands of USD)</i>		
Short term tenants' security deposits	631	910
Long term tenants' security deposits	980	1,705
	1,611	2,615

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.

11. Revenue

Revenue for the years ended 31 December is as follows:

	2022	2021
<i>(in thousands of USD)</i>		
Rental income:		
Fixed lease payments	11,888	19,720
Variable lease payments	582	644
Total rental income	<u>12,470</u>	<u>20,364</u>
Revenue from contracts with customers:		
Provision of utilities and other services	4,259	6,339
Other revenue	512	785
Total revenue from contracts with customers	<u>4,771</u>	<u>7,122</u>
	<u>17,241</u>	<u>27,488</u>

12. Cost of sales

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

	2022	2021
<i>(in thousands of USD)</i>		
Utilities	1,403	2,034
Personnel costs	813	1,270
Tax expense	613	672
Service charge	449	633
Repairs and maintenance	194	379
Insurance	67	105
Depreciation	9	-
Other	68	157
	<u>3,616</u>	<u>5,250</u>

13. Finance expenses

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

	2022	2021
<i>(in thousands of USD)</i>		
Interest expenses on bonds	2,945	2,619
Interest expense on loans	2,971	2,457
Foreign exchange loss	16,563	-
Other	314	203
	<u>22,793</u>	<u>5,279</u>

Foreign exchange loss (as well as foreign exchange gain in Note 14) 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 subsidiary as bonds were issued in CZK and the functional currency of the Czech subsidiary is US Dollar.

14. Finance income

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

<i>(in thousands of USD)</i>	2022	2021
Foreign exchange gain	1,498	3,937
Interest income	278	174
Other income	333	235
	<u>2,109</u>	<u>4,346</u>

15. Income tax (benefit)/expense

(a) Income tax expense

Income tax (benefit)/expense for the year ended 31 December is as follows:

<i>(in thousands of USD)</i>	2022	2021
Current tax expense	733	1,983
Deferred tax (benefit)/expense	(4,775)	3,169
<i>Income tax (benefit)/expense for Ukrainian subsidiaries</i>	<u>(4,042)</u>	<u>5,152</u>
Overseas taxes	270	342
<i>Income tax expense for the Cyprus Parent</i>	<u>270</u>	<u>342</u>
Total income tax (benefit)/expense	<u>(3,772)</u>	<u>5,494</u>

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%.

During 2022 and 2021, NUPEH CZ s. r. o. (Czech republic) did not report any tax obligations. Assessed tax loss that has been reported by NUPEH CZ s. r. o. for all previous periods from its establishment, exceeds the total profit recorded by the 31 December 2022 (effective tax in 2022: 0%, in 2021: 0%). During 2022 and 2021 NUPEH CZ s. r. o. did not report any deferred tax.

(b) Reconciliation of effective tax rate

The difference between the total expected income tax expense for the years ended 31 December by applying the Ukrainian statutory income tax rate to profit or loss before tax and the reported tax expense is as follows:

<i>(in thousands of USD)</i>	2022	%	2021	%
(Loss)/profit before tax	<u>(54,728)</u>	<u>100%</u>	<u>24,747</u>	<u>100%</u>
Income tax expense/(benefit) at statutory rate in Ukraine	(9,850)	18.00%	4,454	18.00%
Non-taxable/(non-deductible) differences	925	(1.69%)	630	2.55%
Change in unrecognised deferred tax assets	<u>5,153</u>	<u>(9.42%)</u>	<u>68</u>	<u>0.27%</u>
	<u>(3,772)</u>	<u>6.89%</u>	<u>5,152</u>	<u>20.8%</u>

The difference between the total expected income tax expense for the year ended 2022 by applying the Cyprus tax rate to profit or loss before tax and the reported tax expense is as follows:

	2022	2021
<i>(in thousands of USD)</i>		
Accounting (loss)/profit before tax	<u>(75,691)</u>	24,747
Tax calculated at the applicable tax rates	<u>(9,641)</u>	3,093
Tax effect of expenses not deductible for tax purposes	<u>11,386</u>	63
Prior year tax	-	-
Tax effect of allowances and income not subject to tax	<u>(1,980)</u>	(5,562)
Tax effect of tax (loss)/profit for the year	<u>55</u>	2,406
Tax effect of tax group relief	-	-
Overseas tax	<u>270</u>	342
Tax as per statement of comprehensive income	<u><u>270</u></u>	<u><u>342</u></u>

(c) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities as at 31 December 2022 and 31 December 2021 are attributable to the following items:

	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
<i>(in thousands of USD)</i>						
Investment properties	-	-	(14,557)	(25,918)	(14,557)	(25,918)
Tax losses carried forward	1,345	4,994	-	-	1,345	4,994
Trade and other accounts payable	5	18	(421)	(164)	(416)	(146)
	<u>1,350</u>	<u>5,012</u>	<u>(14,978)</u>	<u>(26,082)</u>	<u>(13,628)</u>	<u>(21,070)</u>
Net deferred tax assets/(liabilities)	<u><u>1,350</u></u>	<u><u>5,012</u></u>	<u><u>(14,978)</u></u>	<u><u>(26,082)</u></u>	<u><u>(13,628)</u></u>	<u><u>(21,070)</u></u>

(d) Movements in recognised deferred tax assets and liabilities

Movements in recognised deferred tax assets and liabilities during the year ended 31 December 2022 are as follows:

	Balance as at 31 December 2021 asset / (liability)	Recognised in profit or loss	Foreign currency translation adjustment	Balance as at 31 December 2022 asset / (liability)
<i>(in thousands of USD)</i>				
Investment properties	(25,918)	7,476	3,885	(14,557)
Tax losses carried forward	4,994	(2,389)	(1,260)	1,345
Trade and other accounts payable	(146)	(314)	44	(416)
Deferred tax liabilities	<u><u>(21,070)</u></u>	<u><u>4,773</u></u>	<u><u>2,669</u></u>	<u><u>(13,628)</u></u>

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

	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)
<i>(in thousands of USD)</i>				
Investment properties	(22,975)	(2,090)	(852)	(25,918)
Tax losses carried forward	5,938	(1,160)	217	4,994
Trade and other accounts payable	(218)	81	(9)	(146)
Deferred tax liabilities	<u><u>(17,256)</u></u>	<u><u>(3,169)</u></u>	<u><u>(644)</u></u>	<u><u>(21,070)</u></u>

(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 2022		31 December 2021	
	Gross amount	Tax effect	Gross amount	Tax effect
<i>(in thousands of USD)</i>				
Loans and borrowings	32,414	5,835	5,075	914

16. 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 2022 and 31 December 2021 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:

	2022	2021
<i>(in thousands of USD)</i>		
Ukrainian subsidiaries	1,958	652
NUPEH CZ s. r. o.	70	72
New Ukraine PE Holding Limited	34	35
Cyprus subsidiaries	199	-
Total trade and other receivables	2,261	759

Trade and other receivables of the Ukrainian subsidiaries are represented by the following:

	2022	2021
<i>(in thousands of USD)</i>		
Trade and other receivables invoiced	802	652
Accrued lease receivable	1,156	-
Total trade and other receivables of Ukrainian subsidiaries	1,958	652

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 2022 and 31 December 2021 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 2022. The amounts are gross and undiscounted, and include estimated interest payments:

		Contractual cash flows			
	Carrying amount	Total	Within one year	2-5 years	More than 5 years
<i>(in thousands of USD)</i>					
Loans and borrowings from J&T BANKA	35,496	42,593	12,087	30,506	-
Bonds issued by NUPEH CZ	45,910	55,045	12,787	42,258	-
Trade and other payables	508	508	508	-	-
	81,914	98,146	25,382	72,764	-

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:

		Contractual cash flows			
	Carrying amount	Total	Within one year	2-5 years	More than 5 years
<i>(in thousands of USD)</i>					
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	-	-
	<u>81,233</u>	<u>100,613</u>	<u>10,880</u>	<u>89,733</u>	<u>-</u>

(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 2022 and 31 December 2021 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
	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
Side	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
Currency pair	J&TB vice versa
Tenor	USD/CZK
Exchange rate	4.39 years
Notional	21.230 (spot market rate)
Initial notional exchange	150,000,000 CZK
volume, currency	
Side	150,000,000 CZK
Value date	NUPEH buys USD vs CZK, J&TB vice versa
Final notional Exchange	June 30th 2021
Volume, currency	
Side	150,000,000 CZK
Value date	NUPEH sells USD vs CZK, J&TB vice versa
Interest payments	End of last interest period
Interest rate Period	
Rates: CZK (NUPEH receives)	Semi annually
Rates: USD (NUPEH pays)	CZK fix 5,90% pa 30/360
Day count	USD fix 6,45% pa 30/360
	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 7 and 9 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 at fair value through profit or loss. At the same time, the Group has variable interest rate loans and borrowings, the change of interest rate of which would have an effect in profit or loss.

(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 2022 and 31 December 2021. 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

Management defines capital as total equity attributable to equity holders of the parent. The Group has no formal policy for capital management, but management seeks to maintain a sufficient capital base for meeting the Group's operational and strategic needs, and to maintain confidence of market participants. With these measures the Group aims for steady profits growth. There were no changes in the Group's approach to capital management during the year.

17. 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:

	31 December 2022	31 December 2021
<i>(in thousands of USD)</i>		
Up to one year	11,827	19,034
Between one and two years	7,291	14,882
Between two and three years	3,972	10,178
Between three and four years	3,267	6,447
Between four and five years	1,831	5,562
More than five years	2,086	3,318
	30,274	59,421

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 2022 amounted to USD 170 thousand (2021: USD 188 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.

(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. In particular, as of today this period can be extended for the period for which statute of limitation is suspended in Ukraine in accordance with changes in the legislation in connection with COVID-19 pandemic and martial law in Ukraine.

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.

18. 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 2022 remuneration of key management personnel amounted to USD 83 thousand (31 December 2021: USD 128 thousand).

For the year ended 31 December 2021 the shareholders of the Group paid management fee to the Manager of the Fund, being DC Partner Limited, amounting to USD 163 thousand on behalf of the Group for the management services provided by the Manager to the Group. This management fee was not accrued in the financial statements of the Group.

For the year ended 31 December 2022 no management fee was paid to the Manager of the Group for the services provided neither by the Group nor by the shareholders of the Group.

As described in Note 9, subsequently to the reporting date, on 20 March 2023, J&T BANKA provided consent on payment of the management fee for 2022 and 2023 in the amount of USD 205 thousand for each year, whereas the management fee will be paid in UAH by the Company or one of its Ukrainian subsidiaries to one of the affiliates of the Manager of the Group located in Ukraine based on the separate management services agreement to be executed.

(c) Transactions and balances with other related parties

Outstanding balances with related parties are as follows as at 31 December 2022:

<i>(in thousands of USD)</i>	Total	Parent company	Other related party
Cash and cash equivalents	<u>5,991</u>	<u>-</u>	<u>5,991</u>

Outstanding balances with related parties are as follows as at 31 December 2021:

<i>(in thousands of USD)</i>	Total	Parent company	Other related party
Cash and cash equivalents	<u>4,608</u>	<u>-</u>	<u>4,608</u>

The Group had the following transaction with related parties for the year ended 31 December 2022 is as follows:

<i>(in thousands of USD)</i>	Total	Parent company	Other related party
Interest income	<u>269</u>	<u>-</u>	<u>269</u>

19. 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.

On 20 March 2023 J&T BANKA provided a consent letter to the Company approving the purchase and the transfer of government security transactions till the end of the legal restrictions in Ukraine for payments in USD or EUR currency abroad (as imposed by the National Bank of Ukraine, see Note 2(a)) but no later than 30 April 2024. All proceeds received by the Company from the government security transfers shall be used for the repayment of the loans and borrowings or the bonds issued or payment of their interest/coupons. Separate bank accounts were opened by the Company in UAH and USD in a Ukrainian bank, which is a related party to the Group, and these bank accounts are pledged with J&T BANKA (further, "the pledged accounts").

Respectively, during March-April 2023 Ukrainian subsidiaries of the Group paid dividends to the Company in Ukrainian hryvnia in the equivalent of USD 7.5 million. Using these money proceeds the Company purchased government security bonds, as approved by J&T BANKA, and further transferred these government security bonds to Dragon Capital Investments Limited, one of its shareholders, and received foreign currency on its accounts from the sale. The Group used these proceeds and the cash accumulated on its accounts in Cyprus and Czech Republic, to make a partial repayment of bonds issued by NUPEH CZ to reduce the financial burden. On 2 May 2023 NUPEH CZ settled USD 9.9 mln of bonds principal at nominal with the early redemption fee of USD 102 thousand.

In March 2023 the Company purchased 4th cross currency swap in the amount of CZK 222,705 thousand with J&T BANKA, a.s. to bridge the currency mismatch with the amount of early redemption in USD.

The Company has taken necessary steps to manage its financial obligations. In 2023 it received further consent of J&T BANKA to defer the following contractual 2023 payments. Under the Amendment #7, concluded on 28 February 2023, all interests for the period from 31 December 2021 year till 30 June 2023 shall be paid on 30 September 2023 and the payment of principal from 31 December 2021 year till 30 June 2023 is postponed till maturity date which is 31 December 2025.

The military forces of the Russian Federation continue massive shelling of civil and military facilities, including critical infrastructure, on the territory of Ukraine with long-range weapons, which leads to significant human casualties and a partial stoppage of the provision of utility services, including electricity, heat and water supply.

On 20 January 2023, Fitch Ratings global rating agency confirmed the long-term foreign-currency issuer default rating (IDR) at CC level, short-term foreign-currency issuer default rating (IDR) at C level, while the short and long-term local-currency IDRs remained at CCC – C level. On 10 February 2023, Moody's Investors Service global rating agency downgraded long-term foreign and local currency Ukraine's sovereign ratings and senior unsecured debt ratings to C from Caa3 and changed Ukraine's outlook to stable from negative. On 6 April 2023, S&P global rating agency downgraded Ukraine's long-term foreign currency sovereign rating to CCC from CCC+ and changed Ukraine's outlook to negative from stable.

On 31 May 2023 the sole Director of New Ukraine PE Holding Limited approved and authorised these consolidated financial statements for issue.

Olha Turyk 