

**New Ukraine PE Holding
Limited**

Condensed consolidated financial
statements for the six months ended
30 June 2023

These condensed consolidated interim financial statements contain 40 pages

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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 management report together with the condensed consolidated interim financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the six months ended 30 June 2023.

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 investment in the real estate sector in Ukraine.

FINANCIAL RESULTS

The Group's financial results for the six months ended 30 June 2023 are set out on page 6 of the condensed consolidated financial statements. Net income for the 6 months ended 30 June 2023 attributable to the owners of the Group amounted to USD 1,835 thousand (6m2022: a loss of USD 67,517 thousand).

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

The current financial position as presented in the condensed consolidated financial statements is not considered satisfactory and the Board of Directors is making an effort to reduce the Group's losses.

DIVIDENDS

During the six months ended 30 June 2023, 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 condensed 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 six months ended 30 June 2023.

BRANCHES

During the six months ended 30 June 2023, the Company did not operate any branches.

BOARD OF DIRECTORS

The member of the Company's Board of Directors as at 30 June 2023 and at the date of this report is presented on page 1. The sole Director was member of the Board throughout the six months ended 30 June 2023.

In accordance with the Company's Articles of Association, the sole Director presently member of the Board continues 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

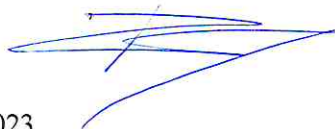
Any significant events that occurred after the end of the reporting period are described in Note 19 to the condensed consolidated financial statements.

RELATED PARTY TRANSACTIONS

Disclosed in Note 18 to the condensed consolidated financial statements.

By order of the Board of Directors,

Olha Turyk
Director



Nicosia, 27 September 2023

New Ukraine PE Holding Limited
Condensed consolidated financial statements for the 6 months ended 30 June 2023-unaudited
Condensed consolidated statement of financial position as at 30 June 2023-unaudited

	Note	30 June 2023 unaudited	31 December 2022
<i>(in thousands of USD)</i>			
Assets			
Non-current assets			
Investment properties	5	115,900	115,900
Receivables from derivatives	8	635	-
Property and equipment and intangible assets		18	23
Total non-current assets		116,553	115,923
Current assets			
Cash and cash equivalents	6	8,135	14,181
Trade and other receivables	16	1,885	2,261
Refundable tax (tax receivable)		92	87
Prepayments		232	563
Deferred tax assets		18	18
Inventories		18	17
Other current assets		321	168
Total current assets		10,701	17,295
Total assets		127,254	133,218

New Ukraine PE Holding Limited
Condensed consolidated financial statements for the 6 months ended 30 June 2023-unaudited
Condensed consolidated statement of financial position as at 30 June 2023-unaudited

	Note	30 June 2023 unaudited	31 December 2022
<i>(in thousands of USD)</i>			
Equity and Liabilities			
Equity			
Share capital		69	69
Share premium		64,449	64,449
(Accumulated losses)/retained earnings		(21,010)	(22,921)
Currency translation reserve		(8,349)	(8,272)
Total equity		<u>35,159</u>	<u>33,325</u>
Non-current liabilities			
Loans and borrowings	9	24,073	26,365
Issued bonds	7	36,663	45,035
Deferred tax liability	15	13,628	13,628
Tenants' security deposits	10	965	980
Total non-current liabilities		<u>75,329</u>	<u>86,008</u>
Current liabilities			
Payables from derivatives	8	-	1,938
Loans and borrowings	9	13,274	9,131
Issued bonds	7	949	875
Trade and other payables		438	508
Tenants' security deposits	10	776	631
Prepayments received		622	327
Income tax payable		443	230
Other taxes payable		264	245
Total current liabilities		<u>16,766</u>	<u>13,885</u>
Total liabilities		<u>92,095</u>	<u>99,893</u>
Total equity and liabilities		<u>127,254</u>	<u>133,218</u>

On 27 September 2023, the sole Director of New Ukraine PE Holding Limited approved and authorised these condensed consolidated financial statements for issue.


Olha Turyk

New Ukraine PE Holding Limited
Condensed consolidated financial statements for the 6 months ended 30 June 2023 - unaudited
Condensed consolidated statement of changes in equity for the 6 months ended 30 June 2023 - unaudited

	Note	6m2023 unaudited	6m2022 unaudited
<i>(in thousands of USD)</i>			
Revenue	11	8,141	8,737
Cost of sales	12	(1,740)	(2,156)
Gross profit		6,401	6,581
General and administrative expenses		(536)	(449)
Sales and distribution expenses		(40)	(17)
Fair value gain/(loss) on investment properties	5	(197)	(66,318)
Other income/(expenses), net		(612)	251
Total operating profit/(loss)		5,016	(59,952)
Fair value change on derivatives	8	2,573	(2,678)
Interest income – derivatives		1,447	1,327
Interest expenses – derivatives		(1,636)	(1,636)
Finance costs	13	(5,218)	(7,029)
Finance income	14	917	322
Profit/(loss) for the year		3,099	(69,646)
Income tax benefit/(expense)	15	(1,187)	5,856
Net profit/(loss) for the year		1,912	(63,790)
Other comprehensive income/(expense)			
<i>Items that can be reclassified to profit or loss:</i>			
Foreign operations – foreign currency translation difference		(77)	(3,727)
Other comprehensive income/(loss)		1,835	(3,727)
Total comprehensive income/(loss) for the year		1,835	(67,517)

New Ukraine PE Holding Limited
Condensed consolidated financial statements for the 6 months ended 30 June 2023 - unaudited
Condensed consolidated statement of changes in equity for the 6 months ended 30 June 2023 - unaudited

	Note	Share capital	Share premium	Retained earnings	Currency translation reserve	Total equity
<i>(in thousands of USD)</i>						
Balances at 1 January 2023		<u>69</u>	<u>64,449</u>	<u>(22,922)</u>	<u>(8,272)</u>	<u>33,324</u>
Net profit for the period		-	-	1,912	-	1,912
Other comprehensive loss				-	(77)	(77)
Total comprehensive income/loss for the period		-	-	1,912	(77)	1,835
 Balances at 30 June 2023		 <u>69</u>	 <u>64,449</u>	 <u>(21,010)</u>	 <u>(8,349)</u>	 <u>(35,159)</u>
 Balances at 1 January 2022		 <u>69</u>	 <u>64,449</u>	 <u>28,035</u>	 <u>6,344</u>	 <u>98,897</u>
Net profit for the period		-	-	(63,790)	-	(63,790)
Other comprehensive loss				-	(3,727)	(3,727)
Total comprehensive loss for the period		-	-	(63,790)	(3,727)	(67,517)
 Balances at 30 June 2022		 <u>69</u>	 <u>64,449</u>	 <u>(35,755)</u>	 <u>2,617</u>	 <u>(31,380)</u>

New Ukraine PE Holding Limited
Condensed consolidated financial statements as at and for the 6 months ended 30 June 2022 - unaudited
Consolidated statement of cash flows for the 6 months ended 30 June 2022 - unaudited

<i>(in thousands of USD)</i>	<i>Note</i>	6m2023 unaudited	6m2022 unaudited
Cash flows from operating activities			
(Loss)/profit for the year		1,912	(63,790)
<i>Adjustments for:</i>			
Fair value loss/(gain) on investment properties	5	197	66,318
Finance costs	13	5,209	7,029
Fair value change on derivatives		(2,573)	2,678
Depreciation		17	8
Financial income	14	(909)	322
Other (income)/expense		107	
Tax (benefit)/expense	15	1,187	(5,856)
Operating cash flows before changes in working capital		5,147	6,709
Change in trade and other payables		368	(429)
Change in trade and other accounts receivable		376	(579)
Change in prepayments		331	277
Change in tax payable and tax receivable		(5)	(49)
Change in inventories		(1)	-
Change in other current assets		163	-
Change in tenants' deposits		175	23
Change in prepayments received		295	(299)
Income tax paid		(910)	(561)
Cash flows from operating activities		5,939	5,092
Cash flows used in investing activities			
Capital improvements of investment properties	5	(197)	(405)
Acquisition of property, plant and equipment		(12)	(3)
Cash flows used in investing activities		(209)	(408)
Cash flows from financing activities			
Bonds early redemption	7	(10,298)	
Coupon on bonds paid	7	(1,447)	(1,327)
Loans and borrowings repaid	9	-	(994)
Interest expense on loans and borrowings paid	9	-	
Dividends paid		-	
Cash flows used in financing activities		(11,745)	(2,321)
Net change in cash and cash equivalents		(6,015)	2,363
Cash and cash equivalents at the beginning of the year		14,181	11,678
Effect of foreign exchange fluctuation on cash balances		(30)	(717)
Cash and cash equivalents at 30 June		8,136	13,324

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 16 Ioniou 1943, 9 Area A, Flat/Office 202, 3022 Limassol, Cyprus and its principal place of business is Ukraine.

As at 30 June 2023 and 31 December 2022 the shareholders of New Ukraine PE Holding Limited (Cyprus) were Dragon Capital Investments Limited (Cyprus) with 21.96% ownership, Dragon Capital New Ukraine Fund (Jersey) with 35.85%, Larington Holdings Limited with 39.64%, 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 a partnership agreement. As at 31 December 2022 and 31 December 2021, it had the following partnership structure: Ukrainian Redevelopment Fund LP – 43%, Dragon Capital Investments Limited (Cyprus) – 42%, Northern Point Holdings Limited (held by a trust entity acting in the interest of Suhail Salim Abdullah Al Mukhaini Bahwan) – 14%, and DC Partners (Jersey) Limited (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 the limited partners do not 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) was 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 the real estate sector in Ukraine.

These condensed consolidated financial statements include the financial statements of the 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	
				30 June 2023	31 December 2022
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	liquidated	100.00%
East Gate Logistik LLC	Real estate Group	Ukraine	East Gate	100.00%	100.00%
Turcosa Investments Limited*	Subholding Group	Cyprus	East Gate	liquidated	100.00%
AICEE II Finance Cyprus Limited*	Subholding Group	Cyprus	East Gate	liquidated	100.00%
EGL Holding Limited*	Subholding Group	Cyprus	East Gate	liquidated	100.00%
West Gate Logistic LLC	Real estate Group	Ukraine	West Gate	100.00%	100.00%
GLD Logistik Park Holding Limited*	Subholding Group	Cyprus	West Gate	liquidated	100.00%
SZ Harbour Finance Limited*	Subholding Group	Cyprus	West Gate	liquidated	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	liquidated	100.00%
Property Management Solutions Two LLC	Real estate Group	Ukraine	PMS Two	100.00%	100.00%

				<u>Effective ownership interest</u>	
Name of the Group	Principal Activities	Country of registration	Project	30 June 2023	31 December 2022
Glanston Holdings Limited*	Subholding Group	Cyprus	PMS Two	liquidated	100.00%
Property Management Services LLC	Services Group	Ukraine	PMS	100.00%	100.00%
Mevalor Enterprises Limited*	Subholding Group	Cyprus	PMS	liquidated	100.00%

As at 30 June 2023 and 31 December 2022, the Subsidiaries of the Group were represented by the following projects:

- Piramida project: a shopping centre with a gross leasing area of 15,935 sq. m.;
- East Gate Logistic project: an A-class warehouse with a gross leasing area of 49,027 sq. m.;
- West Gate Logistic project: an A-class warehouse with a gross leasing area of 7,316 sq. m. and associated land plot of 14.4 ha.;
- Property Management Solutions One (“PMS One”): A-class business centre “Eurasia” with a gross leasing area of 27,854 sq. m.;
- Property Management Solutions Two (“PMS Two”): A-class business centre “Prime” with a gross leasing area of 8,761 sq. m. and associated land plot of 0,15 ha.

NUPEH CZ s. r. o. is incorporated under 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 its bond issue were used for the purpose of making an intra-group loan to the Parent.

2. Operating environment of the Group

(a) Ukrainian business environment

The Group's operations are located in Ukraine.

With the Russian invasion of Ukraine continuing for a second year, the Ukrainian army has conducted a series of gradually unfolding counteroffensive operations since June, having made initial small gains on the southern and eastern front. The fighting on the ground is currently going through an attritional stage. The Ukrainian military command, rather than prioritizing immediate territorial gains, remains focused on the preservation of own forces while taking advantage of its more accurate Western-supplied artillery and missile assets to steadily degrade Russian military capabilities and logistics by targeting Russian ground equipment on the front lines and ammunition dumps and transport hubs in rear areas. Notably, the Ukrainian General Staff reported almost 2,000 Russian artillery systems hit in the last three months (May-July 2023), or almost 40% of the total destroyed since the start of the war in February 2022. With Russian forces maintaining a defensive posture and suffering heavy personnel and equipment losses, the main phase of the Ukrainian offensive is widely seen as still being ahead. In any case, the current high intensity of the fighting is likely to continue at least until October before encountering natural obstacles from seasonally higher precipitation, which would limit maneuvers on the ground.

As of the end of July 2023, Russian forces remained in control of an estimated 109,000 km² or 18% of Ukraine, roughly the same area as at the beginning of the year but down from over 25% at the peak of the invasion in late March 2022. The Russian-occupied territory mostly comprises parts of the Luhansk and Donetsk regions in the east as well as 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 of Ukraine depressed domestic economic activity, pushing real GDP down 29.1% y-o-y in 2022. The main drivers of the slump were the partial occupation of Ukrainian territory by Russian forces, logistical bottlenecks created by Russia's sea blockade, widespread damage to fixed assets, supply disruptions, and a massive refugee exodus. Exports of agricultural products via three Ukrainian Black Sea ports resumed in August 2022 thanks to the UN-backed Black Sea Grain Initiative, helping drive initial economic recovery in 3Q22. However, Russian attacks on the domestic energy infrastructure starting in October 2022 caused widespread blackouts and dampened economic activity again.

Economic activity turned on a sequential upward trend in early 2023 as nationwide power supplies stabilized thanks to quick repairs on the damaged energy equipment, favourable weather, and restoration of power imports. Also, the external environment for steel and iron ore improved, while domestic inflation and devaluation expectations subsided, triggering a recovery in household consumption. Real GDP rose by 2.4% q-o-q s/a in 1Q23 following a 4.7% drop in 4Q22, while the rate of y-o-y decline narrowed to -10.5% from -31.4% y-o-y in 4Q22 thanks primarily to a comparison base effect. Available high-frequency indicators suggest that economic activity remained on the rise in 2Q23, though signs of flattening emerged in May-June, reflecting a weaker external environment for steel and iron ore producers, intensified Russian missile attacks across Ukraine, and the adverse impact of Russia's destruction of the Kakhovka dam. The NBU's PMI-type index peaked at 51.5 in April 2023, the highest wartime level, and hovered around the neutral level of 50 in May and June.

Massive financial support from IFIs and Ukraine's other foreign partners provided a lifeline for the government, helping it finance a much wider budget deficit and support the external position. Ukraine received \$32bn of budgetary support in 2022, including \$14bn or 44% of the total in grants and the rest in loans on highly concessional terms. Foreign partners and IFIs are on track to provide \$43bn of budget support this year, with 26% of this amount being grants. The IMF was instrumental in soliciting the necessary amount of financial aid and ensuring its regular disbursement. As the Ukrainian government remained fully functional and has successfully navigated the economy through unprecedented challenges, the IMF approved a \$15.6bn four-year Extended Fund Facility (EFF) program for Ukraine on Mar. 31, after changing its policies to be able to provide financing in an extremely uncertain environment. The

EFF program forms part of a four-year financial support package that would amount to \$115bn in a baseline scenario and \$140bn in a downside scenario.

The official exchange rate of the hryvnia to the U.S. dollar has been fixed since day one of the Russian invasion, supported by tight controls on capital and current account transactions, including a ban on repatriating dividends and restrictions on principal and interest payments on external debt. After devaluing the official exchange rate by 20% in July 2022, to UAH 36.6:USD, in response to mounting currency pressures, the NBU has since successfully maintained the peg thanks to intensified foreign aid inflows and additional measures intended to curb F/X demand, including a 15pp hike in the key rate, to 25%, and fine-tuning of capital controls. Responding to these measures and supported by positive seasonality, the spread between the official and cash market exchange rates almost disappeared in 1H23 and capital outflows subsided, enabling the NBU to cut net F/X sales to c. \$2.0bn in May-June, from \$3.0bn on average during the winter months. In the meantime, foreign aid inflows to the budget averaged \$3.9bn per month in 1H23, up slightly from \$3.7bn in 2H22 and much higher than \$2.4bn in the first four months of the war. Overall, Ukraine received \$23.7bn of foreign budget support in 1H23, while NBU F/X sale interventions totalled \$12.3bn. Thus, the central bank's international reserves surged by 37% in 1H23, to a new all-time high of \$39bn as of end-June. As of end-July NBU lowered the key rate to 22% and allowed servicing all new external loans and repaying principal for loans longer than three years with some restrictions.

During 2Q 2023, the commercial real estate market demonstrated further adaptation to wartime conditions, experiencing no power outages, as opposed to the previous two quarters, but facing intensified Russian missile attacks, especially in May and June. Most tenants and landlords focused on ensuring security and uninterrupted operations, while improving industry fundamentals manifested themselves in a declining number of rent discounts granted to tenants.

Building on the previous quarter's trend, the retail sector continued to display strong fundamentals in 2Q 2023 despite more severe missile attacks. Consumer inflation continued to slow, falling to 12.8% in June from 21.3% in March, while the NBU revised its year-end inflation forecast to 10.6% from 14.8%. Despite consumers continuing to face challenging conditions, the slowdown in consumer inflation helped stabilize consumer expectations and prevent demand shrinkage. In 2Q 2023, footfall in Kyiv shopping centres was ca. 10-25% below pre-war levels, recovering from a massive drop of 70-80% in March 2022. In western Ukraine, shopping malls returned to pre-war levels after experiencing a milder decline of 30-40% in March 2022. While most international retailers had reopened their existing stores in the previous quarters, in 2Q Polish fast fashion retailer LPP announced plans to expand with 10 new stores in safer regions of the country. At the same time, H&M, Inditex, and IKEA remained closed. Fewer tenants were awarded discounts to the base rent as a result of improving footfall and retail turnover throughout 2Q. In Kyiv, ca. 15-25% of tenants enjoyed individual discounts to the pre-war base rent of 15-30%.

The office market remained sensitive to wartime challenges during 2Q 2023, with business centres' attendance levels remaining steady and seeing no significant improvement compared to 1Q. The National Bank's PMI-type index of business expectations hovered slightly above its neutral level of 50 points, at 50.8 in June compared to 49.5 in March. Occupier demand for office space remained subdued as cost-cutting and optimization remained the primary focus. At the same time, security was the primary concern for most office occupiers looking to relocate. Most enquiries for offices looked for the availability of bomb shelters or underground parking, proximity to the subway, remoteness from critical infrastructure facilities, and availability of power generators to ensure uninterrupted business operations during potential black-outs in the coming winter. The average market vacancy rate stood at 26.4% in 2Q 2023, reflecting stagnant leasing activity limited to relocation or space optimization. The large volume of available vacant space for tenants weighted heavily on rental rates. Landlords continued to provide rental discounts, payment deferrals, and rent-free incentives in order to keep up their occupancy.

The warehouse market continued to demonstrate the highest resilience in wartime. Demand for warehouse space remained robust and mostly unchanged in 2Q 2023. Annual warehouse space take-up amounted to 30,000 sq. m as of the end of June, with retail, logistics, and industry accounting for the bulk of the demand for warehousing facilities. No new warehouse properties have entered the speculative market

since the beginning of the year, with the total stock remaining unchanged at 1.4 million sq. m as of the end of 2Q 2023. The average vacancy rate dropped to 2% (-2pp YTD) over 2Q 2023. As the market adapted to wartime conditions and the shortage of quality storage space became more evident, landlords grew very reluctant to provide rental discounts in 2Q 2023, with most tenants paying the full base rent and OPEX in line with their lease agreements. UAH-based rent rates for ambient warehouses remained unchanged, ranging from UAH 120 to UAH 150 for professional stock.

The war in Ukraine remains the main risk factor for the Company's performance in the current year. Taking into account that the NUPEH Group's assets are all located within Kyiv region, each property faces a material risk of being either damaged or complete destroyed.

During the first 6 months of 2023, footfall in Kyiv shopping centres was ca. 10-30% below pre-war levels, recovering from a massive drop of 70-80% in March 2022. Fewer tenants were awarded discounts to the base rent as a result of improving footfall and retail turnover throughout 6 months 2023.

Demand for warehouse space remained robust and mostly unchanged.

The office market remained sensitive to wartime challenges during the 6 months 2023. Landlords continued to provide rental discounts, payment deferrals, and rent-free incentives on in order to keep up their occupancy.

During the 6 months 2023 and through the date at which these financial statements were issued, all assets of the Parent Company were not directly affected by military hostilities and were in good condition as of the date of the report. Russian missile and drone attacks and associated air raid alerts did not significantly impact the performance of the Parent Company's investments in Ukraine. The Ukrainian subsidiaries have been working with the tenants and suppliers to lighten the impact of war on operations and negotiate the terms of continuous cooperation.

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.

Although the Group's real estate property owners have continued to operate and generate cash incomings since martial law was introduced in Ukraine, the National Bank of Ukraine imposed temporary restrictions, including suspending the operation of the Ukrainian FX market (except FX sales by customers) and introducing a moratorium on cross-border foreign currency payments that currently make it impossible to upstream cash from the Ukrainian subsidiaries to the Parent Company. However, these restrictions are expected to be eased going forward. Already, as at the date of this memo, the National Bank permitted state-owned enterprises to transfer funds abroad to fulfill their credit or loan obligations to non-residents that were restructured on terms agreed with the government. The business community expects further restrictions to be cancelled.

Through trading of Ukrainian government bonds, the Parent Company NUPEH received cash that was used to pay NUPEH CZ, as service of the intragroup loan, an amount of USD 8.6m and additional capital of USD 1.9m, which were channelled by NUPEH CZ for a regular coupon payment and announced early redemption. On May 2, the Company executed the early redemption of 21% of the bonds (CZK 222.7m or USD 9.9m).

In September 2023, the Company again published a Notice of early redemption of the bonds, whereby the nominal amount of each bond will be decreased further from CZK 7,900 to CZK 6,550. The early redemption of the bonds' face value together with a 1% penalty for early redemption amounting to CZK 141.2m will be exercised on 30 October 2023.

The Parent Company has taken necessary steps to manage its financial obligations. It received the consent of JT Banka, the lender under the Parent Company's loan facility of \$40m to defer payment of all interest for the period between 1 January 2022 and 30 June 2023 to 30 September 2023. The payment of principal due for the period from 1 January 2022 to 30 June 2023 was postponed to the maturity date, which is 31

December 2025. The aim of the debt service postponement was to ensure the Parent Company's ability to make repayments to NUPEH CZ for its subsequent coupon payment to the bondholders as well as partial redemption of the bonds.

At the same time, prolongation of military hostilities may result in a 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 degree of uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. These condensed consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that would be necessary if the Group were unable to continue as a going concern.

These condensed 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 condensed consolidated interim financial statements have been prepared in accordance with standard IAS 34 „Interim Financial Reporting“ as amended and adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. Selected explanatory notes are stated in order to explain events and transactions, which are significant for the better comprehension of changes of the financial situation and the performance of the Company since the last Annual report as at 31. December 2022 and for the year ended 31 December 2022. These condensed interim financial statements does not include all of the information required for the Annual report compiled in accordance with the International Financial Reporting Standards (“IFRS”).

The financial results of the period of six months ended 30 June 2023, may not necessarily reflect the situation and the results expected for the year end.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements.

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

(b) Basis of measurement

These condensed 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) Functional and presentation currency

These condensed 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 condensed 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 its 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 condensed consolidated financial statements are as follows:

	As at 30 June 2023	Average exchange rate for 6m2023	As at 31 December 2022	As at 30 June 2022	Average exchange rate for 6m2022
USD	36.57	36.57	36.57	29.25	28.91

(e) Use of judgments, estimates and assumptions

The preparation of condensed 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 condensed 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 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 a 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 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 condensed consolidated financial statements.

(a) Basis of consolidation

The condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2023.

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 condensed 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 2022 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 condensed 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.

(n) New standards and interpretations not yet adopted

A number of new standards are effective for period of six months beginning after 1 January 2023 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

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

- *Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;*
- *IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts;*
- *Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)*
- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)*
- *Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- *Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback;*
- *Amendments to IAS 1 - Classification of Liabilities as Current or Non-current;*
- *Amendments to IAS 1 – Non-current Liabilities with Covenants.*

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 2022	172,900
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
Capital improvements	197
Fair value loss on investment properties	(197)
Effect from translation into presentation currency	-
At 30 June 2023	115,900

As at 30 June 2023 and 31 December 2022, the Group's investment properties were pledged to secure a bank loan of New Ukraine PE Holding Limited and bonds issued by NUPEH CZ s.r.o.

(b) Determination of fair value

The fair value of the investment properties was assessed as at 31 December 2022 by the independent appraiser CBRE LLC. The Group's management took a decision not to engage an independent property appraiser as at 30 June 2023 since there were no significant changes in property rental values compared to 31 December 2022.

To assist with the estimation of fair value of investment properties as at 31 December 2022, 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.

(c) Usage of the land plot

As at 30 June 2023 and 31 December 2022, APV had a lease agreement to rent part of a land plot on which its shopping centre Piramida is located. The land plot under the lease agreement is in the ownership of the Kyiv City Administration. The lease agreement of the Group to rent the land plot expires on 29 May 2025.

EGL has a lease agreement to rent of part of a land plot on which its property is located. The lease agreement of the Group to rent the land plot expires on 14 April 2030.

As at 30 June 2023 and 31 December 2022, PMS One did not have a lease agreement to rent the land plot on which its business centre "Eurasia" is located. The respective land plot is in the ownership of the Kyiv City Council. The Group uses the land based on the so called "de facto" principle and pays land tax on a regular basis pursuant to Kyiv City Council regulations. The amount of such payments made during the 6 months ended 30 June 2023 was USD 56 thousand (2022: USD 40 thousand). The Group's

management believes that any potential tax or legal risks with regard to this matter are not significant. However, the interpretations by 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 regard to unformalised usage of the land plot have been made in these condensed consolidated financial statements.

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

6. Cash and cash equivalents

The following table represents an analysis of cash and cash equivalents based on the Group companies as at 30 June 2023:

	30 June 2023
<i>(in thousands of USD)</i>	
New Ukraine PE Holding Limited	3,360
LLC "Atlantic Pacific Ventures"	2,517
LLC "East Gate Logistik"	871
LLC "Property Management Solutions Two"	659
LLC "Property Management Solutions One"	560
NUPEH CZ s. r. o.	88
LLC "West Gate Logistik"	80
Total	8,135

The following table represents an analysis of cash and cash equivalents based on the companies of the Group as at 31 December 2022:

	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

As at 30 June 2023, cash balances included restricted cash placed at the Debt Service Reserve Account amounting to USD 1,670 thousand (31 December 2022: USD 1,640 thousand), which under the loan facilities agreement serves as collateral for the payment of liabilities arising under the bonds issued.

7. Bonds issued

As at 30 June 2023, the terms and debt repayment schedule of the bonds issued are as follows:

	30 June 2023	31 December 2022
<i>(in thousands of USD)</i>		
Issued bonds at amortized cost	37,612	45,910
	37,612	45,910
Out of that: short term	949	875
Out of that: long term	36,663	45,035

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 Company has exercised its right to partially settle its obligations under the issued bonds and on 30 April 2023 partially repaid the nominal value of the issued bonds. The nominal value was decreased from

the original value of CZK 10,000 to CZK 7,900 per bond. A Notice of early redemption of the bonds was issued on 21 March 2023. The holders of the bonds received extraordinary interest income in the amount of 1% of the nominal amount of the bonds repaid early.

The amount of the long-term part of the issued bonds changed year-on-year due to the early redemption of the bonds and due to exchange rate difference. The bonds were issued in CZK, and for the purposes of the financial statements they are revalued at the USD exchange rate as of June 30, and December 31 of the respective year.

Detailed information in respect of the bonds issued as at 30 June 2023 is provided in the table below:

<i>(in thousands of USD)</i>	Principal	Accrued interest	Maturity	Coupon rate (%)	EIR
Issued bonds	24,379	738	30 October 2025	5,9%	6,76%
Issued bonds	7,019	121	30 October 2025	5,9%	7,00%
Issued bonds	5,265	90	30 October 2025	5,9%	7,00%
	36,663	949		5,9%	-

Detailed information in respect of the 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%	-

Reconciliation of bonds' movements:

<i>(in thousands of USD)</i>	
Balance at 1 January 2022	32,056
<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
<i>Cash movements</i>	
Bonds repayment	(10,298)
Interest payment	(1,447)
<i>Non-cash movements</i>	
Interest accrued on bonds	1,461
Effect from foreign exchange rates	1,875
One-off impact on PL – early redemption of bonds	111
Balance at 30 June 2023	37,612

The issued bonds were accepted and listed on the public market regulated by the company Burza cenných papírů Praha, a.s. (Stock exchange in Prague (Czech Republic)) on 30 October 2020 with the total nominal value of CZK 1,050 million (USD 46,373 thousand), maturing in 2025.

The aforementioned bond issuance included a tranche of 30 October 2020, with a total nominal value of CZK 700 million (USD 30,048 thousand), and a tranche of 30 June 2021, with a total nominal value of CZK 350 million (USD 16,325 thousand).

Interest is payable twice: on 30 April and 30 October each year. The total nominal amount of subscribed bonds was CZK 829.5 million as at 30 June 2023 and CZK 1,050 million as at 31 December 2022.

NEW UKRAINE PE HOLDING LIMITED (Shareholder) guaranteed the Issuer's bonds in the form of a

financial guarantee under Czech law. The Company may redeem the bonds at any time at any price on the market or otherwise. If there is no other early repayment, the Company will repay the remaining principal of the bonds 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 tranche with a nominal value of CZK 700 million. These costs are recognized in the income statement during the bonds' life based on the effective interest rate. The coupon rate is 5.9%. The effective interest rate is 6.76 %.

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

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

	30 June 2023		31 December 2022	
	Fair value	Carrying amount	Fair value	Carrying amount
<i>(in thousands of USD)</i>				
Bonds	26,597	37,612	32,499	45,910
	<u>26,597</u>	<u>37,612</u>	<u>32,499</u>	<u>45,910</u>

The 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 the quoted bond prices as at 30 June 2023 and 31 December 2022.

8. Receivables and payables from derivative operations

	30 June 2023	31 December 2022
<i>(in thousands of USD)</i>		
Fair value of the swap	635	(1,938)
	<u>635</u>	<u>(1,938)</u>

As at 31 December 2022, the Group had 3 cross currency swaps and 1 FX swap 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 receivable in the amount of USD 1,410 thousand as at 30 June 2023; as at 31 December 2022, the fair value of the swap was recognized as a liability in the amount of USD 240 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 261 thousand as at 30 June 2023; as at 31 December 2022, the fair value of the swap was recognized as a liability in the amount of USD 970 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 196 thousand as at 30 June 2023; as at 31 December 2022 the fair value of the swap was recognized as a liability in the amount of USD 727 thousand.

The Group set up a swap on 20 March 2023 in the amount of CZK 222,705 thousand against the amount of USD 9,830 thousand. The maturity of the swap is October 27, 2023.

The Group valued and recognized the fair value of the swap as a liability in the amount of USD 318 thousand as at 30 June 2023.

The Group does not report a derivative as a hedging instrument; all movements in fair value are recognized as profit or loss in the Company's income statement.

9. Loans and borrowings

This note provides information about the contractual terms of loans. For more information about the Group's exposure to interest rate risk and foreign currency risk, refer to the Note 16.

As at 30 June 2023, the terms and debt repayment schedule of bank loans were 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	24,073
<i>Current portion of long-term loans</i>					
J&T BANKA (Facility A)					13,274

As at 31 December 2022, the terms and debt repayment schedule of bank loans were 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

(a) J&T BANKA Loan

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

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

Funds under Facility B may only be used for repayment of NUPEH CZ bond liabilities. As at 30 June 2023, the Group has not utilized the amount available under this facility.

As described in Note 2(a), the Group signed additional agreements with its creditor J&T Banka to: postpone all interest payments for the period between 1 January 2022 to 30 June 2023, collectively totalling USD 4,366 thousand, to 30 September 2023. The payment of the principal due for the period from 1 January 2022 to 30 June 2023 was postponed to the maturity date, which is 31 December 2025. The aim of the debt service postponement was to ensure the Group's ability to repay a portion of the

intragroup loan to NUPEH CZ for 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 the mandatory cash sweep calculation as at 31 December 2022 was deferred to 30 June 2023. Subsequent to the reporting date, as described below, the calculation of mandatory cash sweep as at 30 June 2023 was waived by J&T BANKA.

Finance costs include interest expenses accrued under the J&T BANKA loan for the period of 6 months 2023 and amount to USD 1,851 thousand.

The Group's loans and borrowings at amortised cost are categorised in Level 2 of the fair value hierarchy. Such fair value was estimated by discounting the expected future cash flows under the market interest rate for similar financial instruments that prevails as at the reporting date. Management believes that for loans and borrowings, the carrying value is estimated to approximate the fair value as at 30 June 2023 and 31 December 2022.

Collateral

As at 30 June 2023, 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 the assets of the Group:

- Cypriot law Share Pledge Agreement in respect of approximately 57.81% of 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% of 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% of 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% of 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, a pledge agreement was signed for the Borrower's new bank accounts opened in a Ukrainian bank, a related party to the Group (see Note 19).
- Czech law Intragroup Receivables Pledge Agreement in respect of 100% of receivables due from the Borrower to NUPEH CZ s. r. o.
- Share pledge agreements in respect of 100 % of shares in Ukrainian investees.
- Ukrainian law Mortgage Agreements were concluded with Ukrainian investees as pledgors in respect of the following properties:
 - Shopping and entertainment centre "Piramida" (Atlantic Pacific Ventures LLC);
 - Office premises in business centre "Eurasia" (Property Management Solutions One);
 - Office premises in business centre "Prime" (Property Management Solutions Two);
 - Two warehouse and logistics complexes owned by East Gate Logistic LLC and West Gate Logistic LLC
- Ukrainian law Intragroup Receivables Pledge Agreements were signed in respect of 100% of receivables due to the Group from Ukrainian investees.

- Ukrainian law Bank Account Pledge Agreement in respect of bank accounts owned by Ukrainian investees.

Similar pledge and guarantee agreements were concluded to secure the loan agreements of the Group as at 31 December 2022.

10. Tenants' security deposits

Tenants' security deposits as at 30 June 2023 and 31 December 2022 were as follows:

	30 June 2023	31 December 2022
<i>(in thousands of USD)</i>		
Short term tenants' security deposits	776	631
Long term tenants' security deposits	965	980
	<u>1,741</u>	<u>1,611</u>

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 6 months ended 30 June is as follows:

	6m2023	6m2022
<i>(in thousands of USD)</i>		
Rental income:		
Fixed lease payments	5,894	5,686
Variable lease payments	185	350
Total rental income	<u>6,079</u>	<u>6,036</u>
Revenue from contracts with customers:		
Provision of utilities and other services	1,780	2,590
Other revenue	282	111
Total revenue from contracts with customers	<u>2,062</u>	<u>2,701</u>
	<u>8,141</u>	<u>8,737</u>

12. Cost of sales

Cost of sales for the 6 months ended 30 June is as follows:

	6m2023	6m2022
<i>(in thousands of USD)</i>		
Utilities	612	926
Personnel costs	409	470
Tax expense	215	395
Service charge	261	238
Repairs and maintenance	125	60
Insurance	37	38
Depreciation	21	4
Other	60	25
	<u>1,740</u>	<u>2,156</u>

13. Finance expenses

Financial expenses for the 6 months ended 30 June are presented as follows:

<i>(in thousands of USD)</i>	6m2023	6m2022
Interest expenses on bonds	1,461	1,496
Interest expense on loans	1,851	1,272
Foreign exchange loss	1,877	4,055
Other	29	206
	<u>5,218</u>	<u>7,029</u>

The foreign exchange loss (as well as foreign exchange gain in Note 14) was generated primarily at the level of the Czech subsidiary, as the bonds were issued in CZK and the functional currency of the Czech subsidiary is the US Dollar.

14. Finance income

Finance income for the 6 months ended 30 June is presented as follows:

<i>(in thousands of USD)</i>	6m2023	6m2022
Foreign exchange gain	474	2,855
Interest income	315	80
Other income	128	115
	<u>917</u>	<u>3,050</u>

15. Income tax (benefit)/expense

(a) Income tax expense

Income tax expense for the 6 months period ended 30 June is as follows:

<i>(in thousands of USD)</i>	6m2023	6m2022
Current tax expense	(768)	446
Deferred tax (benefit)/expense	-	(6,487)
<i>Income tax (benefit)/expense for Ukrainian subsidiaries</i>	<u>(768)</u>	<u>(6,041)</u>
Overseas taxes	(419)	185
<i>Income tax expense for the Cyprus Parent</i>	<u>(419)</u>	<u>185</u>
Total income tax (benefit)/expense	<u>(1,187)</u>	<u>(5,856)</u>

The applicable tax rate for the 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 the six months ended 30 June 2023 and 30 June 2022, NUPEH CZ s. r. o. (Czech republic) did not report any tax obligations. Effective tax in the six months ended 30 June 2023: 0% (year 2022: 0%). For the six months ended 30 June 2023 and 30 June 2022, NUPEH CZ s. r. o. did not report any deferred tax.

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 30 June 2023 and 31 December 2022, 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 trade and other receivables as follows:

	6m2023	2022
<i>(in thousands of USD)</i>		
Ukrainian subsidiaries	1,831	1,958
NUPEH CZ s. r. o.	29	70
New Ukraine PE Holding Limited	25	34
Cyprus subsidiaries	-	199
Total trade and other receivables	1,885	2,261

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis.

No expected credit losses were recognised as at 30 June 2023 and 31 December 2022 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 30 June 2023. The amounts are gross and undiscounted, and include estimated interest payments:

	Carrying amount	Contractual cash flows			
		Total	Within one year	2-5 years	More than 5 years
<i>(in thousands of USD)</i>					

Loans and borrowings from J&T BANKA	37,347	44,381	13,274	31,107	-
Bonds issued by NUPEH CZ	37,612	43,550	2,585	40,965	-
Trade and other payables	438	438	438	-	-
	<u>75,397</u>	<u>88,369</u>	<u>16,297</u>	<u>72,072</u>	<u>-</u>

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	-	-
	<u>81,914</u>	<u>98,146</u>	<u>25,382</u>	<u>72,764</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 results of the Group will be adversely impacted by changes in exchange rates to which the Group is exposed. Ukrainian subsidiaries of the Group had significant loan balances denominated in USD as at 30 June 2023 and 31 December 2022 and are exposed to foreign currency risk in the event of significant devaluation of the Ukrainian Hryvnia. The Company manages this risk in the process of sales pricing by linking rent charges to changes in the USD and EUR exchange rates.

Also, transactions related to the issued bonds were captured by the Group by concluding a 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
Side	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
Currency pair	J&TB vice versa
Tenor	USD/CZK
Exchange rate	5 years
Notional	22.980 (spot market rate)
Initial notional exchange	700,000,000 CZK
volume, currency	
Side	700,000,000 CZK
Value date	NUPEH buys USD vs CZK, J&TB vice versa
Final notional Exchange	October 30th 2020
Volume, currency	
Side	700,000,000 CZK
Value date	NUPEH sells USD vs CZK, J&TB vice versa
Interest payments	End of last interest period

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
Party A	J&T BANK („J&TB“)

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	4.39 years
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
	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	4.39 years
Exchange rate	21.230 (spot market rate)
Notional	150,000,000 CZK
Initial notional exchange	
volume, currency	150,000,000 CZK
Side	NUPEH buys USD vs CZK, J&TB vice versa
Value date	June 30th 2021
Final notional Exchange	
Volume, currency	150,000,000 CZK
Side	NUPEH sells USD vs CZK, J&TB vice versa
Value date	End of last interest period
Interest payments	
Interest rate Period	Semi annually
Rates: CZK (NUPEH receives)	CZK fix 5.90% pa 30/360
Rates: USD (NUPEH pays)	USD fix 6.45% pa 30/360
Day count	30E/360

More details regarding FX swap are in the table below:

Party A	J&T BANK („J&TB“)
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Party B	NUPEH CZ s.r.o. („NUPEH“)
Instrument	USD/CZK Foreign exchange swap
Purpose	hedge of currency risk related to an early redemption of bonds in CZK
Market	OTC
Side	Nupeh sells USD and buys USD and buys CZK and sells CZK
Currency pair	J&TB vice versa
Tenor	USD/CZK
Exchange rate	0, 5 years
Notional	22,43 (spot market rate)
Initial notional exchange	222,705,000 CZK
volume, currency	
Side	222,705,000 CZK
Value date	NUPEH sells USD vs CZK, J&TB vice versa
Final notional Exchange	April 28th 2023
Volume, currency	
Side	222,705,000 CZK
Value date	NUPEH buys USD vs CZK, J&TB vice versa
	October 27th 2023

(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 30 June 2023 and 31 December 2022. 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 6 months 2023.

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 ranging 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:

	30 June 2023	31 December 2022
<i>(in thousands of USD)</i>		
Up to one year	10,884	11,827
Between one and two years	6,607	7,291
Between two and three years	4,288	3,972
Between three and four years	2,512	3,267
Between four and five years	1,144	1,831
More than five years	1,936	2,086
	27,370	30,274

The Group as a lessee

For the 6 months ended 30 June 2023, the Group's lease payments under land lease agreements with local municipal authorities for the land plots on which the Group's investment properties are located amounted to USD 89 thousand (6 months 2022: USD 97 thousand). The payments can be revised by the lessor once a year based on changes in conditions for the 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 threatened claims against the Group.

(c) Taxation contingencies

The Group is subject to tax charges within the 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 the 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 six months ended 30 June 2023, remuneration of key management personnel amounted to USD 49 thousand (six months ended 30 June 2022: USD 39 thousand).

For the year ended 31 December 2022 and for the six months ended 30 June 2023, 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.

(c) Transactions and balances with other related parties

Outstanding balances with related parties were as follows as at 30 June 2023:

<i>(in thousands of USD)</i>	Total	Parent company	Other related party
Cash and cash equivalents	4,717	-	4,717

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

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

The Group had the following transaction with related parties for the six months ended 30 June 2023:

<i>(in thousands of USD)</i>	Total	Parent company	Other related party
Interest income	289	-	289

The Group had the following transaction with related parties for the six months ended 30 June 2022:

<i>(in thousands of USD)</i>	Total	Parent company	Other related party
Interest income	52	-	52

19. Events after the reporting period

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

In August 2023, agreements were signed between Atlantic-Pacific Ventures LLC, East Gate Logistik LLC, Property Management Solutions One LLC and Property Management Solutions Two LLC and one of the affiliates of the Manager of the Group located in Ukraine on payment of the management fees for 2022 and 2023 in the amount of USD 205 thousand for each year, whereas the management fee will be paid in UAH.

In September 2023, NUPEH CZ published a Notice of early redemption of the bonds, whereby the nominal amount of each bond will be decreased further from CZK 7,900 to CZK 6,550. The early redemption of the bonds' face value together with a 1% penalty for early redemption will be exercised on 30 October 2023.

On 27 September 2023, the sole Director of New Ukraine PE Holding Limited approved and authorised these condensed consolidated financial statements for issue.

Olha Turyk

