

New Ukraine PE Holding Limited

Report and Consolidated Financial Statements
for the Year Ended 31 December 2023

NEW UKRAINE PE HOLDING LIMITED

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OFFICERS AND PROFESSIONAL ADVISORS

Board of Directors	Olha Turyk
Secretary	Michalis P. Michael Consulting Limited
Independent Auditors	Deloitte Limited Certified Public Accountants and Registered Auditors 24 Spyrou Kyprianou Avenue 1075 Nicosia Cyprus
Registered Office	16 June 1943 9 Area A, Flat/Office 202 3022 Limassol Cyprus

CONSOLIDATED MANAGEMENT REPORT

The Board of Directors of New Ukraine PE Holding Limited (the “Company”) presents to the members its annual report together with the audited consolidated financial statements of the Company and its subsidiaries (together with the Company, the “Group”) for the year ended 31 December 2023.

PRINCIPAL ACTIVITY AND NATURE OF OPERATIONS OF THE GROUP

The principal activity of the Group, which is unchanged from last year, is the investing in the real estate sector in Ukraine. The portfolio includes 5 commercial real estate assets which are located in Kyiv region and include: Logistic complexes “EastGate Logistics” and “WestGate Logistics”, Shopping mall “Piramida”, Office centers “Eurasia” and “Prime”. NUPEH CZ s.r.o. is owned by New Ukraine PE Holding Limited located in Czech Republic and provides financing activities for the Group.

FINANCIAL RESULTS

The Group’s financial results for the year ended 31 December 2023 are set out on page 5 to the consolidated financial statements. The net profit for the year attributable to the owners of the Group amounted to USD 3,347 thousand (2022: loss of USD 50,956 thousand).

The Group continues to monitor its spending closely and working with the tenants to negotiate beneficial terms and reduce vacancy of the properties. General recovery of the market and adaptation of tenants and landlords to wartime conditions, as disclosed in Note 2 to the consolidated financial statements, also contributed to the improvement of the overall performance of the Group in 2023 vs 2022.

With vacancy rate nearing zero and rental rates and footfall approaching pre-war levels, Piramida shows a strong performance despite the challenging environment. Its net operating income increased by 77% in 2023 vs 2022.

The warehouse market demonstrated solid occupier demand despite wartime conditions. With actual UAH-based rent rates remaining stable and demand for storage experiencing slow but consistent growth, the market environment is expected to remain balanced despite prevailing challenges. In consideration of these factors, West Gate Logistic (WGL) and East Gate Logistic (EGL) in the coming months remain cautiously optimistic. EGL performance remains mostly unchanged with net operating income increase by 9% and WGL underperforming by 67% compared to 2022 only because of damage of the property as described in Note 2.

The office market remained sensitive however despite rental rates being below pre-war levels, there is prudent confidence for growth as the market stabilizes. Prime office spaces are expected to maintain stability with a zero-vacancy rate, while Eurasia is projected to gradually enhance performance. Prime’s net operating income increased by 18%, while the underperformance of Eurasia amounted to 58% in 2023 vs 2022.

The Group continues to service the bonds, manage its cash flow schedule by negotiating with the lender bank and make early redemption of bonds to keep the Group’s financial stability. Namely, early redemption of part of the bonds was performed as disclosed in the Note 7 to the consolidated financial statements. The Group is concentrated on de-leveraging of its liabilities as it takes further steps to reduce its liabilities.

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

The current financial position as presented in the consolidated financial statements is considered satisfactory. However, the Board of Directors is making an effort to improve the Group’s performance.

CONSOLIDATED MANAGEMENT REPORT (*continued*)

DIVIDENDS

During 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 18 to the consolidated financial statements.

USE OF FINANCIAL INSTRUMENTS BY THE GROUP

The Group is exposed to market price risk (including interest rate risk and foreign currency 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 18.

FUTURE DEVELOPMENTS

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

SHARE CAPITAL

There were no changes in the share capital of the Company during the year.

BRANCHES

During the year ended 31 December 2023 and 2022 the Company did not operate any branches.

BOARD OF DIRECTORS

The member of the Company's Board of Directors as at 31 December 2023 and at the date of this report is presented on page 1. The sole Director was member of the Board throughout the year ended 31 December 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 21 to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

Disclosed in Note 20 to the consolidated financial statements.

CONSOLIDATED MANAGEMENT REPORT *(continued)*

INDEPENDENT AUDITORS

For the year ended 31 December 2023 the Group appointed Deloitte Limited as independent auditor. The independent auditors, Deloitte Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,

Olha Turyk
Director



Nicosia, 31 May 2024

Independent Auditor's Report

To the Members of New Ukraine PE Holding Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of New Ukraine PE Holding Limited (the "Company"), and its subsidiaries (the "Group"), which are presented in pages 9 to 60 and comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards) (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

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

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Independent Auditor's Report (continued)

To the Members of New Ukraine PE Holding Limited

Material Uncertainty Related to Going Concern

We draw attention to note 2 of the consolidated financial statements which indicates that the Group's current liabilities exceeded its current assets by USD 7 million as at 31 December 2023 and also indicates the impact of the ongoing military actions in Ukraine on the operations of the Group and its financial performance. As stated in note 2, these events or conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Sole Director is responsible for the other information. The other information comprises the information included in the Consolidated Management Report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Sole Director for the Consolidated Financial Statements

The Sole Director is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRSs as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Sole Director determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Sole Director is responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report (continued)

To the Members of New Ukraine PE Holding Limited

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

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

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

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

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



Independent Auditor's Report (continued)

To the Members of New Ukraine PE Holding Limited

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the Consolidated Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Consolidated Management Report. We have nothing to report in this respect.

Other Matter

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

Comparative figures

The consolidated financial statements of New Ukraine PE Holding Limited for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those statements on 31 May 2023.

Yiannis Sophianos
Certified Public Accountant and Registered Auditor
for and on behalf of
Deloitte Limited
Certified Public Accountants and Registered Auditors
Nicosia, 31 May 2024

NEW UKRAINE PE HOLDING LIMITED

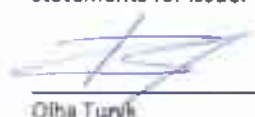
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

(in thousands of USD)

	Note	31 December 2023	31 December 2022
Assets			
Non-current assets			
Investment properties	5	116,000	115,900
Accrued lease receivable		682	720
Property and equipment and intangible assets		13	23
Total non-current assets		116,695	116,643
Current assets			
Cash and cash equivalents	6	4,879	14,181
Trade and other receivables		830	1,541
Refundable tax (tax receivable)		255	87
Prepayments		377	563
Inventories		25	18
Deferred tax assets		-	17
Other current assets		442	168
Total current assets		6,808	16,575
Total assets		123,503	133,218
Equity and Liabilities			
Equity			
Share capital	9	69	69
Share premium		64,449	64,449
Accumulated losses		(19,574)	(22,921)
Currency translation reserve		(9,649)	(8,272)
Total equity		35,295	33,325
Non-current liabilities			
Loans and borrowings	10	29,871	26,365
Issued bonds	7	29,544	45,035
Deferred tax liability	17	14,161	13,628
Tenants' security deposits	11	796	980
Total non-current liabilities		74,372	86,008
Current liabilities			
Payables from derivatives	8	441	1,938
Loans and borrowings	10	9,232	9,131
Issued bonds	7	1,011	875
Trade and other payables		891	508
Tenants' security deposits	11	930	631
Prepayments received		753	327
Income tax payable		368	230
Other taxes payable		210	245
Total current liabilities		13,836	13,885
Total liabilities		88,208	99,893
Total equity and liabilities		123,503	133,218

On 31 May 2024 the sole Director of New Ukraine PE Holding Limited approved and authorised these consolidated financial statements for issue.


Olena Turuk

The notes on pages 13 to 60 are an integral part of these consolidated financial statements.

NEW UKRAINE PE HOLDING LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of USD)

	Note	2023	2022
Revenue	12	17,439	17,241
Cost of sales	13	(3,522)	(3,616)
Gross profit		13,917	13,625
General and administrative expenses		(1,717)	(1,027)
Sales and distribution expenses		(102)	(128)
Write-off of damaged investment property	5	-	(35,727)
Fair value gain/(loss) on investment properties	5	3,822	(10,539)
Other (expenses)/income, net	16	(2,261)	147
Total operating profit/(loss)		13,659	(33,649)
Fair value change on derivatives	8	1,497	283
Interest income – derivatives		2,770	2,594
Interest expenses – derivatives		(3,272)	(3,272)
Finance expenses	14	(10,496)	(22,793)
Finance income	15	2,577	2,109
Profit/(loss) before income tax for the year		6,735	(54,728)
Income tax (expense)/benefit	17	(3,388)	3,772
Net profit/(loss) for the year		3,347	(50,956)
Other comprehensive (loss)/income			
<i>Items that can be reclassified to profit or loss:</i>			
Foreign operations – foreign currency translation difference		(1,377)	(14,616)
Other comprehensive (loss)/income		(1,377)	(14,616)
Total comprehensive income/(loss) for the year		1,970	(65,572)

The notes on pages 13 to 60 are an integral part of these consolidated financial statements.

NEW UKRAINE PE HOLDING LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of USD)

	Share capital	Share premium	Retained earnings/(Accumulated losses)	Currency translation reserve	Total equity
Balances at 1 January 2022	69	64,449	28,035	6,344	98,897
Net loss for the year	-	-	(50,956)	-	(50,956)
Other comprehensive loss	-	-	-	(14,616)	(14,616)
Total comprehensive loss for the year	-	-	(50,956)	(14,616)	(65,572)
Balances at 31 December 2022	69	64,449	(22,921)	(8,272)	33,325
Net profit for the year	-	-	3,347	-	3,347
Other comprehensive loss	-	-	-	(1,377)	(1,377)
Total comprehensive income/(loss) for the year	-	-	3,347	(1,377)	1,970
Balances at 31 December 2023	69	64,449	(19,574)	(9,649)	35,295

The notes on pages 13 to 60 are an integral part of these consolidated financial statements.

NEW UKRAINE PE HOLDING LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of USD)

	Note	2023	2022
Cash flows from operating activities			
Net profit/(loss) for the year		3,347	(50,956)
<i>Adjustments for:</i>			
Write-off of damaged investment property	5	-	35,727
Fair value (gain)/loss on investment properties	5	(3,822)	10,539
Finance costs	14	10,496	22,793
Fair value change on derivatives		(1,497)	(283)
Depreciation		11	10
Financial income	15	(2,577)	(2,109)
VAT receivable write off		233	-
One-off impact to profit or loss - early redemption of bonds	7	216	-
Loss on government bonds sold, net	16	1,577	-
Income tax expense/(benefit)	17	3,388	(3,772)
Operating cash flows before changes in working capital		11,372	11,949
Change in trade and other payables		384	(101)
Change in trade and other accounts receivable		508	(1,106)
Change in accrued lease receivables		38	(720)
Change in prepayments		186	(97)
Change in tax payable and tax receivable		(135)	(148)
Change in inventories		(7)	(4)
Change in other current assets		(274)	(1)
Change in tenants' deposits		333	(236)
Change in prepayments received		426	(437)
Cash generated from operating activities		12,831	9,099
Interest received		735	248
Income tax paid		(2,217)	(1,311)
Cash flows from operating activities		11,349	8,036
Cash flows used in investing activities			
Acquisition of government securities	16	(15,404)	-
Sale of government securities	16	13,827	-
Capital improvements of investment properties	5	(587)	(1,328)
Acquisition of property, plant and equipment		-	(12)
Cash flows used in investing activities		(2,164)	(1,340)
Cash flows from financing activities			
Coupon on bonds paid	7	(2,492)	(2,594)
Redemption of bonds	7	(16,354)	-
Loans and borrowings repaid	9	-	(991)
Cash flows used in financing activities		(18,846)	(3,585)
Net change in cash and cash equivalents		(9,661)	3,111
Cash and cash equivalents at the beginning of the year		14,181	11,678
Effect of foreign exchange fluctuation on cash balances		359	(608)
Cash and cash equivalents at 31 December		4,879	14,181

The notes on pages 13 to 60 are an integral part of these consolidated financial statements.

NEW UKRAINE PE HOLDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of USD)

1. INCORPORATION, ORGANISATION AND OPERATIONS

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

As at 31 December 2023 and 31 December 2022 the shareholders of New Ukraine PE Holding Limited (Cyprus) were Dragon Capital Investments Limited (Cyprus) with 21.96% ownership (controlled by Tomas Fiala), Dragon Capital New Ukraine Fund (Jersey) with 35.85% ownership, Larington Holdings Limited with 39.64% ownership and Langrose Investments Limited with 2.55%. The beneficial owners of Larington Holdings Limited and Langrose Investments Limited are Anton Schreider and Maksym Klimov.

Dragon Capital New Ukraine Fund (Jersey) is a Jersey limited partnership formed under the partnership agreement and as at 31 December 2023 and 31 December 2022 has the following partnership structure: Ukrainian Redevelopment Fund LP – 42.86%, Dragon Capital Investments Limited (Cyprus) – 41.43%, Northern Point Holdings Limited (which is held by trust entity acting in the interest of Suhail Salim Abdullah Al Mukhaini Bahwan) – 14.28% and DC Partners (Jersey) Limited (which is owned as at 31 December 2022 by Tomas Fiala at 77.2%) – 1.43%. According to the Law of Partnerships of Jersey, Dragon Capital New Ukraine Fund is not a legal entity and operates through its general partner – DC Partners, and limited partners do not have corporate rights in the Fund and are not its controllers. Therefore, as at 31 December 2023 and 31 December 2022 the sole ultimate beneficial owner of Dragon Capital New Ukraine Fund (Jersey) by control is Tomas Fiala.

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

The main activity of the Company is investment in real estate sector in Ukraine.

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

Name of the Group	Principal Activities	Country of registration	Project	Effective ownership interest	
				31 December 2023	31 December 2022
New Ukraine PE Holding Limited	Holding	Cyprus			
NUPEH CZ s. r. o.	Financing	Czech Republic	-	100.00%	100.00%
Atlantic-Pacific Ventures LLC	Real estate	Ukraine	Pyramida	100.00%	100.00%
East Gate Logistik LLC	Real estate	Ukraine	East Gate	100.00%	100.00%
West Gate Logistic LLC	Real estate	Ukraine	West Gate	100.00%	100.00%
Property Management Solutions One LLC	Real estate	Ukraine	PMS One	100.00%	100.00%
Property Management Solutions Two LLC	Real estate	Ukraine	PMS Two	100.00%	100.00%
Property Management Services LLC	Services	Ukraine	PMS	100.00%	100.00%
1849-Apollo Overseas I Limited*	Subholding	Cyprus	Pyramida	-	100.00%
Turcosa Investments Limited*	Subholding	Cyprus	East Gate	-	100.00%

NEW UKRAINE PE HOLDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of USD)

Name of the Group	Principal Activities	Country of registration	Project	Effective ownership interest	
				31 December 2023	31 December 2022
AICEE II Finance Cyprus Limited*	Subholding	Cyprus	East Gate	-	100.00%
EGL Holding Limited*	Subholding	Cyprus	East Gate	-	100.00%
GLD Logistik Park Holding Limited*	Subholding	Cyprus	West Gate	-	100.00%
SZ Harbour Finance Limited*	Subholding	Cyprus	West Gate	-	100.00%
Orbelson Holding Limited*	Subholding	Cyprus	PMS One	-	100.00%
Glanston Holdings Limited*	Subholding	Cyprus	PMS Two	-	100.00%
Mevalor Enterprises Limited*	Subholding	Cyprus	PMS	-	100.00%

* In May 2023 the Cyprus subsidiaries of the Parent Company were voluntarily liquidated.

As at 31 December 2023, the Subsidiaries of the Group are represented by the following projects:

- Pyramida project: shopping center with the gross leasing area equal to 15,900 sq. m.;
- East Gate Logistic project: A-class warehouse with the gross leasing area equal to 49,030 sq. m.;
- West Gate Logistic project: A-class warehouse with the gross leasing area equal to 7,313 sq. m. and associated land plot of 14.4 ha.;
- Property Management Solutions One ("PMS One"): A-class business center "Eurasia" with the gross leasing area of 27,930 sq. m.;
- Property Management Solutions Two ("PMS Two"): A-class business center "Prime" with the gross leasing area of 8,847 sq. m. and associated land plot of 0,15 ha.

As at 31 December 2022, the Subsidiaries of the Group are represented by the following projects:

- Pyramida project: shopping center with the gross leasing area equal to 15,935 sq. m.;
- East Gate Logistic project: A-class warehouse with the gross leasing area equal to 49,029 sq. m.;
- West Gate Logistic project: A-class warehouse with the gross leasing area equal to 7,316 sq. m. and associated land plot of 14.4 ha.;
- Property Management Solutions One ("PMS One"): A-class business center "Eurasia" with the gross leasing area of 27,854 sq. m.;
- Property Management Solutions Two ("PMS Two"): A-class business center "Prime" with the gross leasing area of 8,761 sq. m. and associated land plot of 0,15 ha.

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

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

NEW UKRAINE PE HOLDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of USD)

2. OPERATING ENVIRONMENT OF THE GROUP AND GOING CONCERN

(a) Ukrainian business environment

The Group's operations are primarily located in Ukraine.

The Russian invasion of Ukraine, ongoing since 24 February 2022, has entered its third year, continuing to negatively affect the domestic economy and business environment. Since late 2022, the war has been dominated by attritional battles on largely stable front lines despite periodic spikes in the intensity of fighting.

As of end-March 2024, Russian forces remained in control of an estimated 109,000 km² or 18% of Ukraine, roughly the same area as a year earlier but down from over 25% at the peak of the invasion in late March 2022. The Russian-occupied territory comprises parts of the Luhansk and Donetsk regions in the east as well as Zaporizhya 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 against Ukraine in 2014-2015 (Crimea and parts of the two eastern regions).

The Ukrainian economy returned to growth in 2023, with real GDP expanding by 5.3% y-o-y after a 28.8% slump in 2022 caused by the Russian invasion. Economic recovery was supported by a combination of factors such as stabilization in power supplies following Russian attacks on energy infrastructure in the winter of 2022-2023, businesses' adaptation to the war environment, recovery in consumer confidence on the back of forex market stabilization, improved commercial logistics, and resumption of seaborne exports thanks to a Black Sea safety corridor opened by Ukraine in August 2023. Real GDP increased by 4.5% y-o-y in 3 months ended 31 March 2024, according to the Economy Ministry.

Consumer inflation slowed to 3.2% y-o-y in April 2024, from 5.1% as of end-2023 and a wartime high of 26.6% in December 2022. However, the National Bank of Ukraine (the "NBU") expects further growth in inflation in 2024. During 2023, the national currency devalued by 4% against USD and by 8% against EUR comparing to the official exchange rates at the end of 2022 (2022: devalued by 34% against USD and 26% against EUR).

From the onset of the full-scale war, the NBU has introduced a range of temporary protective measures, such as restriction of cross-border payments in foreign currencies and fixing the official exchange rate for major currencies. In October 2023, the NBU introduced a regime of managed flexibility of the exchange rate, which provides for daily exchange rate fluctuations within narrow limits in both directions depending on market conditions. In 2022, the NBU increased the discount rate to 25%, however, during 2023 it was gradually decreased to 15% by the end of December 2023. In 2024, the discount rate has been further decreased to 14.5% from 15 March and 13.5% from 26 April. In 2023, the NBU additionally tightened the requirements to obligatory reserves of banks. Thanks to the assistance from partners, the NBU's international reserves as at the end of December 2023 exceeded the pre-war level and reached USD 40.5 billion. In general, the Ukrainian Government continues to service external debt obligations, and the banking system remains operational and maintains stability.

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In 2023 the NBU allowed domestic companies to service new external loans based on a set of attached conditions, facilitated the procedures for state-owned enterprises to service restructured external debt, and relaxed restrictions on foreign exchange cash and non-cash purchases by individuals.

The approved state budget of Ukraine for 2024 presupposes that the budget deficit amount to about 20% of GDP (or USD 42 billion) (2023: 30% of GDP). It is expected that the budget deficit will be financed through financial assistance from foreign partners in the form of grants and preferential long-term interest-free loans.

Fueled by budget deficit expansion, Ukraine's public debt rose by 31% y-o-y to USD 145 billion in 2023 on top of 11% growth in 2022. However, the debt-to-GDP ratio registered a sharper increase over the period, to 84% from 49% in 2021, due to a drop in real GDP. In the meantime, the grant component of foreign support helped curb public debt growth, while loans were provided on highly concessional terms, with long maturities and low or subsidized interest rates, supporting debt sustainability. Ukraine concluded a two-year standstill agreement with its commercial and bilateral creditors in 2022 and aims to restructure these liabilities before the agreement expires in August 2024.

Massive financial support from international financial institutions (IFIs) and other foreign partners provided a lifeline for the government, helping it finance a much wider budget deficit, and supported Ukraine's external position. Foreign partners and IFIs disbursed USD 42 billion of budget support in 2023, up from USD 31 billion in 2022, with 34% of this amount being grants (vs. 44% in 2022). The IMF was instrumental in soliciting necessary financial aid and ensuring its regular disbursement. In March 2023, the IMF approved a USD 15.6 billion four-year Extended Fund Facility (EFF) program for Ukraine. The EFF program became part of a four-year Western financial support package expected to total USD 122 billion in 2023-2027 in the baseline scenario and USD 140 billion in the downside scenario. As a part of this package, in February 2024, the EU approved a EUR 50 billion 4-year program for Ukraine, including EUR 39 billion of direct budget support. In April 2024, bill with USD 61 billion aid to Ukraine was signed by the President of the United States. Out of this amount, USD 14 billion would go to the Ukraine Security Assistance Initiative used to buy weapon systems for Ukraine and USD 8 billion to non-military assistance.

In the winter of 2022-2023, Ukraine witnessed massive power outages for the population and businesses due to a significant damage to power grids caused by missile attacks and shelling from the Russian Federation, which also caused problems with water and heat supply. The Government introduced a range of emergency measures to resolve those challenges and stabilize the economy. Effective from February 2023, the situation in the energy system of Ukraine improved and stabilized. In the spring of 2024 Russian Federation resumed missile attacks and shelling of power production facilities, which were significantly damaged as the result. Currently, the Government introduced a range of measures including stabilization power shutdowns in order to stabilize the situation in energy supply.

(b) Going concern

Although the Group achieved a profit for the year ended 31 December 2023 of USD 3,347 thousand, as of that date, the Group's current liabilities exceeded its current assets by USD 7,028 thousand. The Group is at net asset position at USD 35,295 thousand as at 31 December 2023.

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These financial statements have been prepared on a going concern basis, which assumes the realization of the assets and the settlement of the liabilities in the normal course of business. However, on 24 February 2022, Russian forces began a military invasion of Ukraine resulting in a full-scale war across the Ukrainian state. As a result of the war, the Group has experienced some disruptions and operational issues within its business. In 2022, as a result of heavy shelling by Russian forces the West Gate Logistic Warehouse was significantly damaged (the larger building was completely destroyed, while the smaller building incurred significant damage). The repair of the smaller building finished in August 2022. Another property, Pyramida shopping center and business center Eurasia were slightly damaged by a nearby explosion of missiles, resulting in minor damages. These events and conditions in aggregate indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The known impacts of the war on the Group and management actions taken in response to the war during 2023 are mainly the followings:

During 2023 year and through the date as of the report, all assets of the Group were not directly affected by the military activities and were in good condition as of the date of the report. The missile and drone attacks, air raid alerts did not significantly impacted the performance of the Group's investments in Ukraine. The Ukrainian subsidiaries have been working with the tenants and suppliers to ensure a smoother impact of warfare on operations, as well as to negotiate the terms of continuing cooperation.

During 2023 year, the commercial real estate market remained resilient notwithstanding intensified missile attacks in the end of the year. Even though the faster recovery in consumer and business sentiment was held back by economic and security risks, adaptation of tenants and landlords to wartime conditions provided grounds for negotiation approaches, aimed at maintaining satisfactory occupancy rates and lowering rental discounts in line with major KPI's and market fundamentals.

During the 2023 year footfall in Kyiv shopping centers was ca. 10-15% % below pre-war levels, in contrast to a 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 2023 year. Numerous international retailers had reopened their stores in the preceding quarters. Specifically, H&M resumed operations on 9 November 2023, Inditex return to activity of around 20 shops in April 2024 in the Kiev area, to be followed later by those in the Lviv area, with IKEA remaining the only international chain that has not yet resumed operations. Fewer tenants were granted individual discounts to the base rent on the back of consistent resurgence in footfall and turnover throughout 2023 year.

Demand for warehouse space remained robust and mostly unchanged. The average vacancy rate remained at 2% as end of 2023. Rental discounts became increasingly scarce, reflecting resilient occupier demand and low availability of quality warehouse space for lease, with most tenants paying the full base rent and OPEX in line with their lease agreements.

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

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The Group continues to monitor its spending closely and adjust its strategies as needed to ensure its financial sustainability. The subsidiaries have carefully reviewed its capital expenditures and approved only those that are necessary to maintain the safety and functionality of its properties. Additionally, the subsidiaries have explored ways to optimize its operating expenses. The direct utilities were fully covered by tenants considering the vacancy.

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

The National Bank of Ukraine has imposed temporary restrictions, including suspending the operation of the Ukrainian foreign exchange market, except for sales in foreign currencies by customers, and banning cross-border foreign currency payments, which continue to make it impossible to upstream cash from the Ukrainian subsidiaries to the foreign accounts of the Company. However, these restrictions are expected to be relaxed going forward gradually. In view of the National Bank of Ukraine restrictions started in year 2023 Ukrainian entities upstreamed proceeds from property in Ukrainian national currency on Parent's accounts in Ukraine. In May 2024, foreign exchange restrictions have been relaxed partially allowing companies to repatriate dividends abroad based on the performance results for the period starting from 1 January 2024 and also purchasing foreign currency and transferring funds abroad to pay interest on external loans with the interest payments falling due after 24 February 2022.

Management believes that preparation of the financial statements on a going concern basis is appropriate due to the following factors and actions taken in response to these matters:

The management has prepared financial forecasts, including cash flow projections, for the twelve months from the reporting date. Based on the management's financial forecasts 2024, the Group expects to generate revenue during 2024 at the level higher than the actual revenue for 2023. During the period after the reporting date and before the authorization of these financial statements, the Group continues its operations and fulfills its obligations as they come due.

The Group has sufficient liquidity to finance its operations in the foreseeable future. For this purpose the Parent Company signed additional agreements with its creditor J&T Banka to:

- a) Postpone repayments of unpaid Junior debt principal due from 31 March 2022 till 31 March 2024 to 31 December 2025 (maturity date) in the amount of USD 11,547 thousand;
- b) Postpone payment of interest accrued and unpaid from 31 December 2021 until 23 February 2022 and from 1 March 2024 until 30 March 2024 in the amount of USD 621 thousand to 30 June 2024;
- c) Postpone payment of interest accrued from 24 February 2022 until 29 February 2024 in the amount of USD 6,561 thousand to 31 December 2025.

The aim of debt service postponement was to ensure the Parent Company's ability for repayment of portion of intragroup loan to NUPEH CZ and its subsequent payment to the bondholders. The liquidity position has not deteriorated during the period after the reporting date.

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The war in Ukraine remains the main risk factor for the Group's performance in the current year. Considering that the Group's assets are all located within Kyiv region, every property undergoes a material risk of either damage, or complete destruction. At the same time, prolongation of military activities may result in disruption of the daily operating activities of the Group and its subsidiaries, or significant damage to their assets.

As a result, these events and conditions, including possible future development of military activities in Ukraine and their duration, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. These consolidated financial statements have been prepared on a going concern basis and reflect management's current assessment of the impact of the Ukrainian business environment on the operations and the consolidated financial position of the Group.

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Going concern basis

The sole director has, at the time of approving the consolidated financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, the sole director continues to adopt the going concern basis of accounting in preparing the consolidated financial statements. More details are disclosed in note 2.

(c) Basis of measurement

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

Items	Measurement
Investment properties	Fair value
Derivatives	Fair value

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(d) Adoption of new and revised IFRSs and Interpretations as adopted by the European Union (EU)

A number of new Standards, amendments to Standards and Interpretations have been issued but are not yet in effect:

<u>Standards and Interpretations</u>	<u>Effective for annual accounting periods beginning on or after:</u>
Amendments to IAS 1 "Presentation of Financial Statements" – Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to IAS 1 "Presentation of Financial Statements" – Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16 "Leases" – Lease Liability in a Sale and Leaseback	1 January 2024
Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024
Amendments to IAS 21 "Lack of Exchangeability"	1 January 2025
IFRS 18 "Presentation and Disclosure in Financial Statements"	1 January 2027

The Group does not plan to early adopt these standards. Management is currently evaluating the impact of the adoption of these standards on the consolidated financial statements of the Group in future periods.

(e) Functional and presentation currency

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

The Group translates the financial statements of Ukrainian subsidiaries from their functional currency to USD in accordance with 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.

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

	As at 31 December 2023	Average exchange rate for 2023	As at 31 December 2022	Average exchange rate for 2022
USD	37.98	36.57	36.57	32.37

(f) Use of judgments, estimates and assumptions

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

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

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

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

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

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

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

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

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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.

4. MATERIAL ACCOUNTING POLICIES INFORMATION

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

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023 and 2022.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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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. The rates are obtained from the Central Banks. 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 fair value through profit or loss (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.

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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.

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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;

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- 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), except for derivatives, at amortized cost.

(iv) Derivative financial instruments

The Group holds derivative financial instruments to manage 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.

(v) 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.

(vi) 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.

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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.

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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.

(vii) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group’s recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(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.

NEW UKRAINE PE HOLDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of USD)

(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 2023 and 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/Accumulated losses. Retained earnings include accumulated profits and losses incurred by the Group.

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

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

(f) **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.

NEW UKRAINE PE HOLDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of USD)

(g) 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.

For revenue recognition from provision of utilities and other services the Group has adopted IFRS 15 “Revenue from Contracts with Customers”.

The details of the material 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.

NEW UKRAINE PE HOLDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of USD)

Compensation for utilities and other services relates to the transactions in which the subsidiaries of the Group act 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.

(h) 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 lessor

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.

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.

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. Stepped rent increases fixed in the agreements are included in the lease payments recognised on a straight-line basis over the lease term.

Variable lease payments under operating leases, including increases or decreases to lease payments as a result of changes in an index or a rate after the commencement date, should not be estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Instead, they should be recognised in profit or loss in the period in which they are earned.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

NEW UKRAINE PE HOLDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of USD)

The Group applies judgment in evaluating whether it is reasonably certain that the option to renew or terminate the lease term will be exercised. That is, it considers all relevant factors that create an economic incentive for it and lessees to exercise the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances.

(i) Finance income and costs

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

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

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

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

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

(j) 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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of USD)

- 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.

(k) Reclassifications to the financial statements

Certain corrections and reclassifications have been made to the financial statements as at 31 December 2022 and for the year then ended in order to achieve comparability with the presentation used in the financial statements for the year ended 31 December 2023.

NEW UKRAINE PE HOLDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of USD)

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	194,700
Capital improvements	1,328
Write-off of damaged investment property	(35,727)
Fair value loss on investment properties	(10,539)
Effect from translation into presentation currency	(33,862)
At 31 December 2022	115,900
Capital improvements	587
Write-off of damaged investment property	-
Fair value loss on investment properties	3,822
Effect from translation into presentation currency	(4,309)
At 31 December 2023	116,000

Investment properties. As at 31 December 2023 and 31 December 2022 investment properties were represented by a shopping mall at Pyramida project, by two logistic warehouses at East Gate and West Gate projects and by two business centers at PMS One and PMS Two projects (see Note 1).

In 2022, heavy shelling by Russian forces significantly damaged the West Gate Logistic warehouse. As a result, the larger building (GBA 89,500 sq.m. and GLA 88,907 sq.m.) was completely destroyed and respective write-off was recognized in profit or loss. The smaller building (GBA 7,675 sq.m. and GLA 7,316 sq.m.) incurred significant damage that prevented the continuation of tenants' operations. The repair of the smaller building was finished in August 2022.

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

(b) Determination of fair value

To assist with the estimation of fair value of investment properties as at 31 December 2023 and 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 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.

NEW UKRAINE PE HOLDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of USD)

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. In estimating the fair value of the investment properties, the highest and best use of the investment properties is their current use. No changes in valuation techniques in 2023 and 2022.

The fair value of investment properties was as follows:

	31 December 2023	31 December 2022
<i>(in thousands of USD)</i>		
Pyramida Project	52,600	45,800
PMS One Project	27,100	33,500
PMS Two Project	12,100	13,900
Est Gate Project	18,700	18,200
West Gate Project	5,500	4,500
Total	116,000	115,900

As at 31 December 2023 and 2022, the estimation of fair value for the investment properties is made using the discounted cash flow method under the income approach based on certain assumptions, the most important of which are as follows:

Pyramida Project

Key assumptions	Significant unobservable inputs as at 31 December 2023	Significant unobservable inputs as at 31 December 2022
Discount rate	From 46% in 1H2024 to 14% in 1H2026	From 52% in 1Q2023 to 16% in 4Q2024
Capitalization rate	12.5%	13%
Rental rates Shopping Mall	2024: USD 36.8 to USD 38.6 per sq. m 2025-2026: USD 39.2 to USD 41 per sq. m.	2023-4Q2024: USD 23-29.5 to USD per sq. m. and further projected at the level of 3.0% indexation
Rental rates Business Center	USD 8.1-8.7 per sq. m	Aug 2023: USD 7 to USD per sq. m. and further projected at the level of 3.0% indexation
Vacancy rate Shopping Mall	2024: 0.01% 2025-2026: 0%	2023 – 2024: 0.6%
Vacancy rate Business Center	1H2026-2H2026: 35%-25%	4Q2023 – 55% 2024 – 25%
Reimbursement of operating expenses Shopping Mall	1H2024-2H2026: 111-112%	2023-2024: 100%
Reimbursement of direct expenses Shopping Mall	1H2024-2H2026: 64%	100%
Reimbursement of operating expenses Business Center	1H2026-2H2026: 65%-75%	2023 – 33-45% 2024 – 100%

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of USD)

PMS One Project

Key assumptions	Significant unobservable inputs as at 31 December 2023	Significant unobservable inputs as at 31 December 2022
Discount rate	From 46% in 1H2024 to 14% in 2H2027	From 52% in 1Q2023 to 16% in 4Q2024
Capitalization rate	12%	13%
Rental rates	2024: USD 10.9 to USD 10.8 per sq. m 2025-2027: USD 11.3 to USD 13.8 per sq. m.	2023-4Q2024: USD 10.2-12.1 to USD per sq. m.
Vacancy rate	2024: 41.8%-37.5% 2025-2027: 30%-2%	2023: 55%-14.6% 2024: 10%-5%
Reimbursement of operating expenses	2024: 89%-95% 1H2025-2H2027: 105-142%	2023: 45%-95% 2024: 40%-42%

PMS Two Project

Key assumptions	Significant unobservable inputs as at 31 December 2023	Significant unobservable inputs as at 31 December 2022
Discount rate	From 45% in 1H2024 to 13% in 2H2027	From 51% in 1Q2023 to 15% in 4Q2024
Capitalization rate	11.5%	12.5%
Rental rates	2024: USD 13.4 to USD 12.4 per sq. m 2025-2027: USD 13.6 to USD 17.7 per sq. m.	2023-4Q2024: USD 13-13.7 to USD per sq. m. and further projected at the level of 3%
Vacancy rate	2024: 0%-2.4% 2025-2027: 7.1%	2023: 18.6%-5.5% 2024: 5.5%
Reimbursement of operating expenses	2024: 125% 1H2025-2H2027: 119%-112%	2023: 54%-61% 2024: 54%

East Gate Project

Key assumptions	Significant unobservable inputs as at 31 December 2023	Significant unobservable inputs as at 31 December 2022
Discount rate	From 45% in 1H2024 to 13% in 2H2026	From 50% in 1Q2023 to 32% in 2Q2024
Capitalization rate	11.5%	12.5%. Terminal period – 14%
Rental rates	2024: USD 4.65 to USD 4.66 per sq. m 2025-2026: USD 4.71 to USD 4.99 per sq. m.	2023-2Q2024: USD 4 to USD 4.2 per sq. m.
Vacancy rate	5.2%	5.2%
Reimbursement of operating expenses	2024: 120% 1H2025-2H2026: 118%-120%	2023-2Q2024: 104-107%

West Gate Project

Key assumptions	Significant unobservable inputs as at 31 December 2023	Significant unobservable inputs as at 31 December 2022
Discount rate	From 45% in 1H2024 to 13% in 2H2026	From 50% in 1Q2023 to 32% in 2Q2024
Capitalization rate	11.75%	12.75%
Rental rates	2024: USD 4.82 to USD 4.87 per sq. m 2025-2026: USD 4.86 to USD 5.13 per sq. m	2023-4Q2024: USD 3.7
Vacancy rate	0%	0%
Reimbursement of operating expenses	2024-2H2026: 35%-36%	2023-2Q2024: 21%-22%

Monthly rental rates are based on budgeted rent-rolls for 2024 year and further projected at the level of 1.5% indexation for Pyramida, 1-2.8% for warehouses and 4-10% for business centers for the period 2025-2027 (for warehouses 2026) based on the Appraiser expert opinion.

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Vacancy rates and reimbursement of operating expenses were projected based on budgeted rent-roll for 2024 and the Appraiser expert opinion for the next periods.

Discount rate for each period of our forecast was applied assuming gradual recovery of both real estate market and national economy after the Russian full-scale military invasion.

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

The valuation model used to assess the fair value of investment properties as at 31 December 2023 and 31 December 2022 is particularly sensitive to key inputs in the following areas.

For Pyramida project:

(in thousands of USD)

	<u>Increase</u>	<u>Decrease</u>
31 December 2023		
Capitalisation rate (1 p.p. movement) (key unobservable input)	(2,800)	3,200
Monthly rental rates (10 p.p. movement)	5,000	(5,000)
Ratio of reimbursement of operating expenses (25 p.p. movement)	-	(2,500)
Vacancy rates (5 p.p. movement by the end of forecast period)	(2,000)	100
Discount rate (1 p.p. movement)	(1,000)	1,100

(in thousands of USD)

	<u>Increase</u>	<u>Decrease</u>
31 December 2022		
Capitalisation rate (1 p.p. movement) (key unobservable input)	(2,500)	3,000
Monthly rental rates (10 p.p. movement)	4,300	(4,200)
Ratio of reimbursement of operating expenses (25 p.p. movement)	-	(2,000)
Vacancy rates (5 p.p. movement by the end of forecast period)	(1,800)	400
Discount rate (1 p.p. movement)	(700)	700

For PMS One (Eurasia) project:

(in thousands of USD)

	<u>Increase</u>	<u>Decrease</u>
31 December 2023		
Capitalisation rate (1 p.p. movement) (key unobservable input)	(1,500)	1,800
Monthly rental rates (10 p.p. movement)	2,500	(2,500)
Ratio of reimbursement of operating expenses (25 p.p. movement)	1,900	(1,800)
Vacancy rates (5 p.p. movement by the end of forecast period)	(1,200)	1,200
Discount rate (1 p.p. movement)	(800)	800

(in thousands of USD)

	<u>Increase</u>	<u>Decrease</u>
31 December 2022		
Capitalisation rate (1 p.p. movement) (key unobservable input)	(2,100)	2,300
Monthly rental rates (10 p.p. movement)	2,600	(2,700)
Ratio of reimbursement of operating expenses (25 p.p. movement)	2,600	(2,700)
Vacancy rates (5 p.p. movement by the end of forecast period)	(1,700)	1,600
Discount rate (1 p.p. movement)	(600)	500

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For PMS Two (Prime) project:

(in thousands of USD)

31 December 2023

	Increase	Decrease
Capitalisation rate (1 p.p. movement) (key unobservable input)	(600)	800
Monthly rental rates (10 p.p. movement)	1,100	(1,100)
Ratio of reimbursement of operating expenses (25 p.p. movement)	800	(700)
Vacancy rates (5 p.p. movement by the end of forecast period)	(500)	500
Discount rate (1 p.p. movement)	(300)	300

(in thousands of USD)

31 December 2022

	Increase	Decrease
Capitalisation rate (1 p.p. movement) (key unobservable input)	(800)	1,000
Monthly rental rates (10 p.p. movement)	1,200	(1,100)
Ratio of reimbursement of operating expenses (25 p.p. movement)	900	(900)
Vacancy rates (5 p.p. movement by the end of forecast period)	(500)	500
Discount rate (1 p.p. movement)	(200)	300

For West Gate project:

	Fair value of investment property	
	Increase	Decrease
31 December 2023		
Capitalisation rate (1 p.p. movement) (key unobservable input)	(100)	200
Monthly rental rates (10 p.p. movement)	300	(200)
Ratio of reimbursement of operating expenses (25 p.p. movement)	200	(100)
Vacancy rates (+5/0 p.p. movement by the end of forecast period)	(100)	-
Discount rate (1 p.p. movement)	-	100

	Fair value of investment property	
	Increase	Decrease
31 December 2022		
Capitalisation rate (1 p.p. movement) (key unobservable input)	-	100
Monthly rental rates (10 p.p. movement)	300	(200)
Ratio of reimbursement of operating expenses (25 p.p. movement)	100	(100)
Vacancy rates (+5/0 p.p. movement by the end of forecast period)	(100)	-
Discount rate (1 p.p. movement)	-	-

For East Gate project:

(in thousands of USD)

31 December 2023

	Increase	Decrease
Capitalisation rate (1 p.p. movement) (key unobservable input)	(1,000)	1,300
Monthly rental rates (10 p.p. movement)	1,900	(1,800)
Ratio of reimbursement of operating expenses (25 p.p. movement)	700	(600)
Vacancy rates (5 p.p. movement by the end of forecast period)	(800)	800
Discount rate (1 p.p. movement)	(300)	400

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<i>(in thousands of USD)</i>	<u>Increase</u>	<u>Decrease</u>
31 December 2022		
Capitalisation rate (1 p.p. movement) (key unobservable input)	(1,100)	1,300
Monthly rental rates (10 p.p. movement)	1,800	(1,800)
Ratio of reimbursement of operating expenses (25 p.p. movement)	500	(500)
Vacancy rates (5 p.p. movement by the end of forecast period)	(800)	800
Discount rate (1 p.p. movement)	(200)	200

(c) Usage of the land plot

As at 31 December 2023 and 31 December 2022, Pyramida has a lease agreement for rent of the part of the land plot on which its shopping center Pyramida is located. The land plot under lease agreement is in ownership of Kyiv city administration. The lease agreement of the Group for rent of land plot matures on 29 May 2025.

East Gate has a lease agreement for rent of the part of the land plot on which its property is located. The lease agreement of the Group for rent of land plot matures on 14 April 2030.

PMS One does not have a lease agreement for rent of the land plot on which its business center "Eurasia" is located as at 31 December 2023 and 31 December 2022. The respective land plot is in ownership of the Kyiv City Council. The Group uses the land on so called "de facto" principle and pays land tax on a regular basis based on the Kyiv City Council regulations. The amount of such payments made during the year ended 31 December 2023 was USD 25 thousand (2022: USD 40 thousand). The Group's management believes that any potential tax or legal risks with regards to this matter are not significant. However, the interpretations of the relevant authorities could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant. No provisions for potential risks with regards to unformalised usage of the land plot have been made in these consolidated financial statements.

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

6. CASH AND CASH EQUIVALENTS

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

<i>(in thousands of USD)</i>	<u>31 December 2023</u>	<u>31 December 2022</u>
New Ukraine PE Holding Limited	2,792	6,949
LLC "Atlantic Pacific Ventures"	1,233	2,010
LLC "East Gate Logistik"	290	1,942
LLC "Property Management Solutions One"	270	1,127
LLC "Property Management Solutions Two"	148	861
NUPEH CZ s. r. o.	82	1,241
LLC "West Gate Logistik"	61	51
LLC "Property Management Servises"	3	-
Total	4,879	14,181

As at 31 December 2023 and 2022, cash and cash equivalents consisted of cash in bank.

NEW UKRAINE PE HOLDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of USD)

The following table represents an analysis of cash and cash equivalents based on Moody's ratings as at 31 December 2023:

<i>(in thousands of USD)</i>	31 December 2023	31 December 2022
Baa 2	2,866	8,190
Baa 3	8	-
Not rated	2,005	5,991
Total	4,879	14,181

As at 31 December 2023 out of Not rated portion of cash and cash equivalent USD 2,005 thousand (2022: USD 5,991 thousand) the amount of USD 1,956 thousand (2022: USD 5,981 thousand) relates to the placements in one Ukrainian bank which is a related party to the Group.

7. BONDS ISSUED

As at 31 December, the schedule of bonds issued were as follows:

<i>(in thousands of USD)</i>	31 December 2023	31 December 2022
Issued bonds at amortized cost	30,555	45,910
Out of that: short term	1,011	875
Out of that: long term	29,544	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.

Detailed information in respect of bonds issued as at 31 December 2023 is provided in the table below:

<i>(in thousands of USD)</i>	Principal	Accrued interest	Maturity	Coupon rate (%)	EIR
Issued bonds	19,629	769	30 October 2025	5.9%	6.76%
Issued bonds	5,666	138	30 October 2025	5.9%	7.00%
Issued bonds	4,249	104	30 October 2025	5.9%	7.00%
	29,544	1,011		5.9%	-

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

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

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Reconciliation of bonds' movements:

(in thousands of USD)

Balance at 1 January 2022	46,990
<i>Cash movements</i>	
Interest payment	(2,594)
<i>Non-cash movements</i>	
Interest accrued on bonds	2,944
Effect from foreign exchange rates	(1,430)
Balance at 31 December 2022	45,910
<i>Cash movements</i>	
Interest payment	(2,492)
Early redemption of Bonds	(16,354)
<i>Non-cash movements</i>	
Interest accrued on bonds	2,637
One-off impact to profit or loss - early redemption of bonds	216
Effect from foreign exchange rates	638
Balance at 31 December 2023	30,555

The above-mentioned issuance of bonds comprised of a tranche of 30 October 2020 with 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). They are listed on the public market (Stock exchange in Prague (Czech Republic)).

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

New Ukraine PE Holding Limited (Shareholder) guaranteed the Bonds in the form of a financial guarantee under Czech law. The Group may redeem Bonds at any time at any price on the market or otherwise. If there is no early repayment, the Group will repay the principal of the Bond in a lump sum on 30 October 2025.

Transactions costs in the amount of CZK 33,176 thousand (USD 1,450 thousand) were associated with the issue of the Bonds. These costs are recognized in the consolidated income statement during the Bonds life based on the effective interest rate.

The Group has exercised its right to partially redeem its obligation from issued bonds and, on 30 April 2023, has partially repaid the nominal value of issued bonds. The nominal value was decreased from the original value of CZK 10,000 to CZK 7,900 per bond. The Notice of the early redemption of the bonds was issued on 21 March 2023. The owners of bonds received extraordinary interest income in the amount of 1% of the total amount of the early repaid nominal amount of bonds.

The Group has further exercised its right to partially redeem its obligation from issued bonds and, on 30 October 2023, has partially repaid the nominal value of issued bonds. The nominal value was decreased from the original value of CZK 7,900 to CZK 6,550 per bond. The Notice of the early redemption of the bonds was issued on 20 September 2023. The owners of bonds received extraordinary interest income in the amount of 1% of the total amount of the early repaid nominal amount of bonds.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of USD)

(in thousands of USD)	31 December 2023		31 December 2022	
	Fair value	Carrying amount	Fair value	Carrying amount
Bonds	24,589	30,555	32,499	45,910
	24,589	30,555	32,499	45,910

Bonds issued at amortised cost are categorised in Level 1 of the fair value hierarchy. The fair value for Level 1 was calculated based on quoted bond price as at 31 December 2023 and 31 December 2022.

8. PAYABLES FROM DERIVATIVES

(in thousands of USD)	31 December 2023	31 December 2022
Fair value of the swap	441	1,938
	441	1,938

As at 31 December 2023 and 2022 the Group has 3 swaps with J&T BANKA, a.s. to bridge the currency mismatch between the issued bonds and the provided intragroup loan in USD.

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 29 October 2025. NUPEH CZ s.r.o. has the early termination option as of 30th October 2024.

The Group valued and recognized the fair value of the swap as a liability in the amount of USD 490 thousand as at 31 December 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 29 October 2025. NUPEH CZ s.r.o. has the early termination option as of 30th October 2024.

The Group valued and recognized the fair value of the swap as a liability in the amount of USD 368 thousand as at 31 December 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 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% with maturity of 29 October 2025. The cross-currency swap was early terminated on 25 October 2023. As of 31 December 2022, the fair value of the swap was recognized as a liability in the amount of USD 240 thousand.

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

NEW UKRAINE PE HOLDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of USD)

The Group additionally set up foreign exchange currency swap on 26 September 2023 in the amount of CZK 337,757 thousand against the amount of USD 14,631 thousand. The maturity of the swap is 29 April 2024.

The Group valued and recognized the fair value of the swap as an asset in the amount of USD 417 thousand as at 31 December 2023.

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

The Group's derivatives are categorised in Level 3 of the fair value hierarchy. The fair value of interest swaps is calculated as the difference in present value of future cash flows resulting from long and short position in the underlying instruments. Forex forwards are priced using market forward rates for respective residual maturity. The profit or loss resulting from this valuation is then discounted into the present value as of the valuation date.

9. SHARE CAPITAL

Authorized, issued and fully paid share capital of the Company consists of USD 68,911 and represented by 63,198 ordinary registered shares (the "Ordinary Shares") with a nominal value of USD 1.0904 each. During the year ended 31 December 2022, all shares held by Sky Mundi S.À.R.L were transferred to Larington Holdings Limited and all shares held by West Street EMS Partners were also transferred to Langrose Investments Limited.

10. LOANS AND BORROWINGS

This note provides information about the contractual terms of loans. For more information about the Group exposure to interest rate risk and foreign currency risk, refer to the Note 18.

As at 31 December 2023, the terms and debt repayment schedule of bank loans were as follows:

<i>(in thousands of USD)</i>	Currency	Nominal interest rate	Effective interest rate	Maturity	Carrying value
<i>Long-term loans</i>	USD	6% + SOFR	10.16%	31 Dec 2025	29,871
J&T BANKA (Facility A)					
<i>Current portion of long-term loans</i>					
J&T BANKA (Facility A)					9,232

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

(in thousands of USD)	Currency	Nominal interest rate	Effective interest rate	Maturity	Carrying value
<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 new Loan facilities agreement with the J&T BANKA that provided two facilities: Facility A (up to USD 40,000 thousand) and Facility B (up to CZK 1,575,000 thousand).

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

Funds under Facility B may only be used for repayment of NUPEH CZ bond liabilities. As at 31 December 2023 the Group has not utilized the amount available under this facility.

These loan facilities are referred to as Junior Debt under Loan facilities agreement between New Ukraine PE Holding Limited, NUPEH CZ s.r.o. and J&T BANKA a.s. dated 19 October 2020.

As described in Note 2, in 2023 the Group signed additional agreements with its creditor J&T Banka to defer payment of all interest for the period between 1 January 2022 and 31 December 2023 to 31 March 2024 and 31 December 2025. The payment of the principal due between 24 February 2022 and 31 December 2023 was deferred to maturity date, which is 31 December 2025. The aim of these postponements was to ensure that the Parent Company has the ability to repay NUPEH CZ for the purpose of subsequent coupon payments to the bondholders and partially redeeming the bonds.

In March-April 2024 the Parent Company signed additional agreements to:

- Postpone repayments of unpaid Junior debt principal due from 31 March 2022 till 31 March 2024 to 31 December 2025 (maturity date) in the amount of USD 11,547 thousand.
- Postpone payment of interest accrued and unpaid from 31 December 2021 until 23 February 2022 and from 01 March 2024 until 30 March 2024 in the amount of USD 621 thousand to 30 June 2024.
- Postpone payment of interest accrued from 24 February 2022 until 29 February 2024 in the amount of USD 6,561 thousand to 31 December 2025. The aim of debt service postponement was to ensure the Parent Company's ability for repayment of portion of intragroup loan to NUPEH CZ and its subsequent payment to the bondholders.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of USD)

The Company is subject to certain financial and non-financial covenants related to its loan. During 2023 and 2022 the Group breached certain of such covenants. As of 30 June 2023 and 2022, the Group breached two financial covenants and non-financial covenant Material Adverse Effect, as a result of impact on the Group from military actions ongoing in Ukraine. The breach as at 31 December 2023 and 2022 was remediated by way of waiver.

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

Collateral

As at 31 December 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 under ICA NUPEH CZ s.r.o. has the right and priority of payment as Senior Noteholder):

Directly with regards to assets of the Group:

- Cypriot law Share Pledge Agreement in respect of approximately 57.81% shares in the Borrower between the Lender as pledgee and Dragon Capital Investments Limited and Dragon Capital New Ukraine Fund as pledgors.
- Cypriot law Share Pledge Agreement in respect of approximately 39.63% shares in the Borrower between the Lender as pledgee and Larington Holdings Ltd., as pledgor.
- Cypriot law Share Pledge Agreement in respect of approximately 2.56% shares in the Borrower between the Lender as pledgee and Langrose Investments Ltd, SLP, as pledgor.
- Czech law Share Pledge Agreement in respect of 100% shares in NUPEH CZ s. r. o.
- Czech law Bank Account Pledge Agreement in respect of the Borrower's bank account with the Lender.
- Czech law Bank Account Pledge Agreement in respect of the NUPEH CZ s. r. o. bank account with the Lender.
- Cypriot law bank account pledge agreement in respect of the Borrower's bank accounts with Eurobank Cyprus Ltd.
- Czech law Intragroup Receivables Pledge Agreement in respect of 100% receivables due from the Borrower to NUPEH CZ s. r. o.
- Ukrainian law share pledge agreements in respect of 100 % shares in Ukrainian subsidiaries.
- Ukrainian law Mortgage Agreements were concluded with Ukrainian subsidiaries as mortgagor in respect of the following property:
 - Shopping and entertainment center "Pyramida" (Atlantic Pacific Ventures LLC);
 - Office premises in business center "Eurasia" (Property Management Solutions One);

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of USD)

- Office premises in business center “Prime” (Property Management Solutions Two);
- Two warehouse and logistics complexes owned by East Gate Logistic LLC and West Gate Logistic LLC.
- Ukrainian law Intragroup Receivables Pledge Agreement were signed in respect of 100% receivables due to the Group from Ukrainian subsidiaries.
- Ukrainian law Bank Account Pledge Agreement in respect of bank accounts owned by Ukrainian subsidiaries.

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

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

(in thousands of USD)

	<u>J&T BANKA Loan</u>
Balance at 1 January 2022	33,512
<i>Cash movements</i>	
Repayment of loans and borrowings	(991)
<i>Non-cash movements</i>	
Finance costs	<u>2,975</u>
Balance at 31 December 2022	35,496
<i>Non-cash movements</i>	
Finance costs	<u>3,607</u>
Balance at 31 December 2023	<u>39,103</u>

11. TENANTS' SECURITY DEPOSITS

Tenants' security deposits as at 31 December were as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
(in thousands of USD)		
Short term tenants' security deposits	930	631
Long term tenants' security deposits	<u>796</u>	<u>980</u>
	<u>1,726</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.

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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 7 years. The tenants' security deposits that cannot be used as a payment for the last month of the rent are stated at amortised cost and discounted under effective market interest rates. The difference between the initial fair value and the nominal value of the tenants' security deposits is presented as deferred income and amortised over the lease period to fixed rental income.

12. REVENUE

Revenue for the years ended 31 December was as follows:

(in thousands of USD)

	2023	2022
Rental income:		
Fixed lease income	12,506	11,888
Variable lease income	553	582
Total rental income	13,059	12,470
Revenue from contracts with customers:		
Provision of utilities and other services	3,801	4,259
Other revenue	579	512
Total revenue from contracts with customers	4,380	4,771
	17,439	17,241

13. COST OF SALES

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

(in thousands of USD)

	2023	2022
Utilities	1,432	1,410
Salary and salary related charges	901	810
Security	348	322
Current repairs	212	95
Cleaning	190	127
Maintenance	134	98
Land tax	62	62
Insurance	73	67
Land lease	66	170
Depreciation	35	10
Property tax	(41)	381
Other	110	64
	3,522	3,616

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of USD)

14. FINANCE EXPENSES

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

<i>(in thousands of USD)</i>	2023	2022
Foreign exchange loss	4,064	16,563
Interest expense on loans	3,607	2,971
Interest expenses on bonds	2,637	2,945
Loss on unwinding of discount of tenants'	186	203
Other	2	111
	10,496	22,793

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

15. FINANCE INCOME

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

<i>(in thousands of USD)</i>	2023	2022
Foreign exchange gain	1,433	1,498
Interest income from deposits	737	278
Income on discounting of tenant's deposits	406	234
Other income	1	99
	2,577	2,109

16. OTHER (EXPENSES)/INCOME, NET

Other expenses and income for the years ended 31 December were presented as follows:

<i>(in thousands of USD)</i>	2023	2022
Loss on government bonds sold, net	(1,577)	-
Other (expenses)/income, net	(684)	147
	(2,261)	147

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of USD)

17. INCOME TAX EXPENSES

(a) Income tax expense

Income tax expenses for the year ended 31 December were as follows:

<i>(in thousands of USD)</i>	2023	2022
Current tax expense	1,495	733
Deferred tax expense/(benefit)	1,058	(4,775)
Income tax expense/(benefit) for Ukrainian subsidiaries	2,553	(4,042)
Overseas taxes	835	270
Income tax expense for the Cyprus Parent	835	270
Total income tax expense/(benefit)	3,388	(3,772)

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

The corporation tax rate for Cyprus companies is 12.5%. 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 2023 and 2022, NUPEH CZ s. r. o. (Czech Republic) did not report any tax obligations. Assessed tax loss that has been reported by NUPEH CZ s. r. o. for all previous periods from its establishment, exceeds the total profit recorded by the 31 December 2023 (effective tax in 2023 and 2022 is 0%). During 2023 and 2022 NUPEH CZ s. r. o. did not report any deferred tax. As of 31 December 2023 unused tax loss amounted to USD 50 thousand (2022: USD 1,360 thousand).

(b) Reconciliation of effective tax rate

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

<i>(in thousands of USD)</i>	2023	%	2022	%
Profit/(loss) before tax	6,735	100%	(54,728)	100%
Income tax expense/(benefit) at statutory rate in Cyprus	842	13%	(6,841)	13%
Effect of different rates in other jurisdictions	358	5%	(2,737)	5%
Overseas tax	835	12%	270	0%
Non-taxable differences	676	10%	383	(1%)
Change in unrecognised deferred tax assets	677	10%	5,153	(9%)
	3,388	50.30%	(3,772)	6.89%

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(c) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities as at 31 December were attributable to the following items:

(in thousands of USD)

	Assets		Liabilities		Net	
	2023	2022	2023	2022	2023	2022
Investment properties	-	-	(14,897)	(14,557)	(14,897)	(14,557)
Tax losses carried forward	1,069	1,345	-	-	1,069	1,345
Trade and other accounts payable	15	5	(348)	(421)	(333)	(416)
Net deferred tax assets/(liabilities)	1,084	1,350	(15,245)	(14,978)	(14,161)	(13,628)

(d) Movements in recognised deferred tax assets and liabilities

Movements in recognised deferred tax assets and liabilities during the year ended 31 December 2023 were as follows:

(in thousands of USD)	Balance as at 31 December 2022 asset / (liability)	Recognised in profit or loss	Foreign currency translation adjustment	Balance as at 31 December 2023 asset / (liability)
Investment properties	(14,557)	(882)	542	(14,897)
Tax losses carried forward	1,345	(246)	(30)	1,069
Trade and other accounts payable	(416)	70	13	(333)
Deferred tax liabilities	(13,628)	(1,058)	525	(14,161)

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

(in thousands of USD)	Balance as at 31 December 2021 asset / (liability)	Recognised in profit or loss	Foreign currency translation adjustment	Balance as at 31 December 2022 asset / (liability)
Investment properties	(25,918)	7,476	3,885	(14,557)
Tax losses carried forward	4,994	(2,389)	(1,260)	1,345
Trade and other accounts payable	(146)	(312)	42	(416)
Deferred tax liabilities	(21,070)	4,775	2,667	(13,628)

(e) Unrecognised deferred tax assets of Ukrainian subsidiaries

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

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

(in thousands of USD)

	31 December 2023		31 December 2022	
	Gross amount	Tax effect	Gross amount	Tax effect
Loans and borrowings	33,415	6,015	32,414	5,835

18. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT

(a) Risk management framework

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

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

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

(b) Overview

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

- Credit risk;
- Liquidity risk;
- Market risk.

(c) Credit risk

As at 31 December 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of USD)

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

(in thousands of USD)

	2023	2022
Ukrainian subsidiaries (current)	808	1,238
Ukrainian subsidiaries (non-current)	682	720
New Ukraine PE Holding Limited	22	34
Cyprus subsidiaries	-	199
NUPEH CZ s. r. o.	-	70
Total trade and other receivables	1,512	2,261

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

(in thousands of USD)

	2023	2022
Trade and other receivables invoiced	326	802
Accrued lease receivable (non-current)	682	720
Accrued lease receivable (current)	482	436
Total trade and other receivables of Ukrainian subsidiaries	1,490	1,958

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

No expected credit losses were recognised as at 31 December 2023 and 31 December 2022 due to the short-term nature to cash and cash equivalents and trade and other accounts receivable.

(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 were the contractual maturities of financial liabilities as at 31 December 2023.

The amounts are gross and undiscounted, and include estimated interest payments:

(in thousands of USD)

	Carrying amount	Total	Within one year	2-5 years
Loans and borrowings from J&T BANKA	39,103	45,184	12,612	32,572
Bonds issued by NUPEH CZ	30,555	35,037	2,143	32,894
Tenants' security deposits	1,726	2,238	1,167	1,071
Trade and other payables	891	891	891	-
	72,275	83,350	16,813	66,537

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of USD)

The following were the contractual maturities of financial liabilities as at 31 December 2022.
The amounts are gross and undiscounted, and include estimated interest payments:

(in thousands of USD)	Carrying amount	Total	Within one year	2-5 years
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
Tenants' security deposits	1,611	2,027	631	1,396
Trade and other payables	508	508	508	-
	83,525	100,173	26,013	74,160

(e) Market risk

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

(i) Foreign currency risk

Foreign currency risk is the risk that the financial result of the Group will be adversely impacted by changes in exchange rates to which the Group is exposed. Ukrainian subsidiaries of the Group have significant loans balances denominated in USD as at 31 December 2023 and 31 December 2022 and are exposed to foreign currency risk in the event of significant devaluation of Ukrainian Hryvnia. The Company manages this risk in the process of sales pricing by linking rent charges to changes in USD and EUR exchange rates.

Transactions related to the issued bond were captured by the Group by concluding cross currency swaps and forex swap with the bank.

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

Party A	J&T BANK ("J&TB")
Party B	NUPEH CZ s.r.o. ("NUPEH")
Instrument	USD/CZK Cross currency swap
Purpose	hedge of currency and interest rate risk related to a new bond issue in CZK
Market	OTC
	NUPEH borrows USD and pays USD fix coupon @7.25% pa 30E/360 s/a, and lends CZK and receives CZK fix coupon @5.90% pa 30E/360 s/a
Side	J&TB vice versa
Currency pair	USD/CZK
Tenor	5 years
Exchange rate	22.980 (spot market rate)
Notional	700,000,000 CZK
Initial notional exchange volume, currency	700,000,000 CZK
Side	NUPEH buys USD vs CZK, J&TB vice versa
Value date	October 30th 2020
Final notional Exchange Volume, currency	700,000,000 CZK
Side	NUPEH sells USD vs CZK, J&TB vice versa

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Value date	End of last interest period
Interest payments	
Interest rate Period	Semi annually
Rates: CZK (NUPEH receives)	CZK fix 5.90% pa 30/360
Rates: USD (NUPEH pays)	USD fix 7.25% pa 30/360
Day count	30E/360

The cross-currency swap no. 1 was early terminated on 25 October 2023, the final settlement was done on 27 October 2023.

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

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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

In the 2023 the Group concluded a forex swap. More details regarding the swap are in the table below:

Party A	J&T BANK ("J&TB")
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 CZK and buys CZK and buys USD and sells USD J&TB vice versa
Currency pair	USD/CZK
Tenor	0.5 years
Exchange rate	23,085 (spot market rate)
Notional	337,756,635 CZK
Initial notional exchange	
volume, currency	337,756,635 CZK
Side	NUPEH sells CZK vs USD, J&TB. vice versa
Value date	September 26th 2023
Final notional Exchange	
Volume, currency	337,756,635 CZK
Side	NUPEH buys CZK vs USD, J&TB vice versa
Value date	April 29th 2024

(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. However, management of the Group believes that the change of interest rate of which would not have a material effect on profit or loss.

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(iii) Fair values

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

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

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

Management believes that for all the financial assets and liabilities, the carrying value is estimated to approximate the fair value as at 31 December 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, except for bonds issued as disclosed in Note 7.

(j) Capital management

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

19. COMMITMENTS AND CONTINGENCIES

(a) Lease commitments

The Group as a lessor. The Group entered into lease agreements on its investment properties. These lease agreements usually have contractual terms mainly from 1 to 7 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.

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

(in thousands of USD)	31 December 2023	31 December 2022
Up to one year	11,052	11,827
Between one and two years	7,091	7,291
Between two and three years	4,259	3,972
Between three and four years	1,891	3,267
Between four and five years	840	1,831
More than five years	1,196	2,086
	26,329	30,274

The Group as a lessee. The Group's lease payments under land lease agreement with local municipal authorities for land plots, on which the Group's investment properties are located for the year ended as at 31 December 2023 amounted to USD 65 thousand (2022: USD 170 thousand). The payments can be revised by the lessor once a year based on changes in conditions of use of the land plot, amount of land tax, increase in prices and tariffs and other cases, stipulated by the Ukrainian legislation.

(b) Litigations

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

(c) Taxation contingencies

The Group is subject to tax charges within Cyprus jurisdiction. Additionally, the Group's investees perform most of their operations in Ukraine and are therefore within the jurisdiction of the Ukrainian tax authorities. The Ukrainian tax system can be characterized by numerous taxes and frequently changing legislation, which may be applied retrospectively, be open to wide interpretation and in some cases conflict with other legislative requirements. Instances of inconsistent opinions between local, regional, and national tax authorities and the Ukrainian Ministry of Finance are not unusual. Tax declarations are subject to review and investigation by a number of authorities that are empowered by law to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years, however under certain circumstances a tax year may remain open longer. In particular, as of today this period can be extended for the period for which statute of limitation is suspended in Ukraine in accordance with changes in the legislation in connection with COVID-19 pandemic and martial law in Ukraine.

These facts create tax risks substantially more significant than typically found in countries with more developed systems.

During 2023, a range of changes to the tax legislation were introduced. The Law of Ukraine No. 3219-IX dated 30 June 2023 "On Amending the Tax Code of Ukraine and Other Laws of Ukraine on the Taxation Peculiarities during the Martial Law Period" restored the limitation period effective from 1 August 2023.

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On 9 November 2023, the Verkhovna Rada of Ukraine adopted Law 3453-IX “On Amending the Tax Code of Ukraine and Other Legislative Acts of Ukraine Concerning the Effect of Norms for the Martial Law Period”. The regulations have been enforced from 1 December 2023 and are expected to remain in effect while the martial law is in force in Ukraine.

The Law stipulates that, effective from 1 December 2023, the moratorium on scheduled documentary tax audits is going to be eased. For the taxpayers engaged in the production or sale of excise goods, gambling activities, or provision of financial or payment services, the rules for conducting and scheduling tax audits (effective from 1 August 2023) will continue to apply. However, the audit schedule may now additionally apply to:

- Non-residents that operate/have operated in Ukraine through representative offices or permanent establishments (or representative offices/permanent establishments themselves):
 - whose CIT growth rate is 50 or more percent lower than the growth rate of their income and/or;
 - which have declared the accrued payroll with no declared CIT taxable object or income exempt from taxation in accordance with an international treaty.
- Taxpayers who meet at least one of the following criteria based on the 2021 indicators:
 - amount of corporate income tax, value added tax, payroll paid is significantly lower than industry-wide level based on the statistics to be published on the website of the State Tax Service of Ukraine;
 - accounts receivable exceed accounts payable by more than twice;
 - total expenses declared in CIT returns exceed by 75 percent or more the amount of total annual income declared in such tax returns (if the total annual income from business activities exceeds UAH 10 million).

The following audits are allowed: desk tax audits, unscheduled documentary audits of relations with non-residents, audits for compliance with currency payment terms, transfer pricing, VAT refundable, liquidations, audits on the grounds of the information received from foreign controlling authorities, audits requested by taxpayers, etc.). The Law renews the uncompleted audits in respect of which the moratorium has been lifted.

As at 31 December 2023, the Group’s management assessed its maximum exposure to tax risks for total amount of USD 535 thousand.

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 consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant. Management believes that no provision is required in the Group’s consolidated financial statements as at 31 December 2023, as well as at 31 December 2022.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of USD)

20. RELATED PARTY TRANSACTIONS

(a) Control relationship

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

(b) Transactions with management personnel

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

During the year ended 31 December 2023 remuneration of key management personnel amounted to USD 259 thousand (31 December 2022: USD 193 thousand).

For the year ended 31 December 2022 Ukrainian subsidiaries paid management fee to the Manager of the Fund, amounting to USD 340 thousand on behalf of the Group for the management services provided by the Manager to the Group in 2023 and 2022 years.

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

(c) Transactions and balances with related parties

Outstanding balances with related parties are as follows as at 31 December 2023:

<i>(in thousands of USD)</i>	<u>Total</u>	<u>Entities with joint control</u>
Cash and cash equivalents	1,956	1,956

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

<i>(in thousands of USD)</i>	<u>Total</u>	<u>Entities with joint control</u>
Cash and cash equivalents	5,991	5,991

The Group had the following transaction with related parties for the year ended 31 December 2023 is as follows:

<i>(in thousands of USD)</i>	<u>Total</u>	<u>Shareholders</u>	<u>Entities with joint control</u>
Interest income	442	-	442
Other (expenses)/income, net	13,827	13,827	-
Total	14,269	13,827	442

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Other (expenses)/income, net consist of income from sale of government securities.

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

<i>(in thousands of USD)</i>	Total	Entities with joint control
Interest income	269	269

21. EVENTS AFTER THE REPORTING PERIOD

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

The Group has taken necessary steps to manage its financial obligations. On 28 March 2024 it received further consent of J&T BANKA to defer the following contractual 2024 payments. Under Amendment #11 all interests for the period from 31 December 2021 until 23 February 2022 and from 1 March 2023 until 30 December 2023 and from 31 December 2023 until 30 March 2024 shall be paid on 30 June 2024. All interests for the period from 24 February 2022 till 28 February 2023 are postponed till the maturity date which is 31 December 2025. The payment of principal from 31 March 2022 till 31 March 2024 is postponed till maturity date which is 31 December 2025.

Under the Amendment #12 dated 22 April 2024 all interests for the period from 31 December 2021 until 23 February 2022 and from 1 March 2024 until 30 March 2024 shall be paid on 30 June 2024. All interests from 24 February 2022 until 28 February 2023 and 1 March 2024 until 30 March 2024 shall be paid on 31 December 2025.

In March 2024, NUPEH CZ published the Notice of the early redemption of the Bonds. On 30 April 2024 the Company partially redeemed the Bonds, whereas the nominal amount of each Bond was decreased from CZK 6,550 to CZK 5,550.

In May 2024 restrictions on foreign exchange market and on cross-border transactions has been further partially relaxed allowing companies to repatriate dividends abroad based on the performance results for the period starting from 1 January 2024 and also purchasing foreign currency and transferring funds abroad to pay interest on external loans with the interest payments falling due after 24 February 2022.